

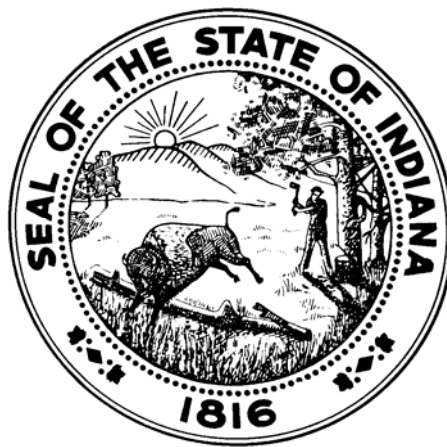
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

ANNUAL FINANCIAL REPORT

2003

CITY OF GARY

LAKE COUNTY, INDIANA





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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Mr. Husain G. Mahmoud	01-01-03 to 12-31-04
Mayor	Mr. Scott King	01-01-00 to 12-31-07
President of the Board of Public Works and Safety	Ms. Suzette Raggs Ms. Geraldine Tousant	01-01-03 to 02-25-03 02-26-03 to 12-31-04
President of the Common Council	Mr. Kyle Allen Sr. Ms. Carolyn D. Rogers	01-01-03 to 12-31-03 01-01-04 to 12-31-04



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

TO: THE OFFICIALS OF THE CITY OF GARY, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Gary (City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
(Continued)

The introductory section, combining and individual nonmajor fund financial statements and other budgetary comparison schedules are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section, other budgetary comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated December 9, 2004, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This separate report is an integral part of an audit performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and, in concerning the results of the audit; this report should be read along with the auditor's report on the financial statements.

December 9, 2004

STATE BOARD OF ACCOUNTS

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**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

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The City of Gary management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse. We are also responsible for ensuring that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

The City of Gary provides its financial statements, a narrative, overview, and analysis of financial activities for the fiscal year ended December 31, 2003. While viewing the basic financial statements, we encourage readers to consider information in our letter of transmittal, as well as notes to the financial statements and other additional information furnished.

The information contained in this management discussion and analysis should be considered as only an intricate part of the greater whole. The footnotes and other Required Supplemental Information (RSI) will provide a more thorough understanding of the City of Gary's financial performance.

**FINANCIAL HIGHLIGHTS**

- The net assets of the City of Gary exceeded its liabilities at the close of the fiscal year by \$288,239,540.
- The Statement of Net Assets reflects total net assets increased by \$48,982,298. Of this amount, governmental activities increased by \$44,319,844 and business-type activities increased by \$4,662,454.
- The City did not receive property tax payments for fiscal year 2003 due to statewide reassessment. The state changed the structure of assessing real property.
- The City General Fund's fund balance decreased from the prior period by \$30,885,115. Twenty-three million dollars of this amount is deferred property tax payments that are due in fiscal year 2004. The balance will be paid with casino funds.
- The City of Gary total bond debt decreased by \$14 million as a result of payment on the revenue bonds for capital developments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The purpose of this discussion and analysis is to provide a preface, summary, and analysis of the City of Gary's basic financial statements. The City of Gary's statements consist of the following components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

**Government-Wide Financial Statements**

These statements are structured to present readers with a broad overview of the City of Gary's financial position, in a method comparable to private sector businesses, using the economic resources measurement focus and the accrual basis of accounting.

The statement of net assets reports information on all of the City of Gary's assets and liabilities, with the difference between the two reported as "net assets". The net assets section distinguishes between invested capital assets, restricted, and non-restricted net assets. A significant portion of the net assets reported, reflect the city's investment in capital assets. Increases in net assets generally indicate an improvement in the financial position, while decreases may indicate deterioration in the financial position.

The statement of activities focuses on the net cost of various activities provided by the governmental entity. This statement serves the purpose of the traditional income statement, and provides reporting of the results of all activities of the City of Gary for the year ended December 31, 2003. This statement presents information that shows how the City of Gary's net assets changed during the fiscal year. All changes in net assets are reported as soon as a transaction relating to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flow in future fiscal years.

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. The general fund is the primary operating fund of the primary government. Also included in primary government are internal service funds, pension trust funds, and agency funds activities; however pension trust and agency funds are not reported in the government-wide financial statements.

Both of the government-wide financial statements distinguish the functions of the City of Gary that are principally supported by taxes and intergovernmental revenues (governmental activities). The government-wide financial statements report information on all of the non-fiduciary activities of the primary government.

The primary government is reported separately from certain legally separate business-type activity for which the primary government is financially accountable, and from which the business-type activity recovers a significant portion of its cost from user fees and charges. The government activities of the City of Gary include public safety, highway and streets, sanitation, economic development, culture and recreation, and health and welfare. The business-type activity includes the operation of Gary Sanitary District wastewater utility.

The Mayor of the City of Gary is the special administrator for the Gary Sanitary District. The Mayor appoints the board, and a financial benefit and burden relationship exists. As

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

a result, the business-type activity's financial information is presented as a department of the city.

**Fund Financial Statements**

The City of Gary is required to use fund accounting to demonstrate compliance with finance-related legal requirements. A fund is a fiscal and accounting entity with a group of self-balancing related accounts, which are segregated and used for the purpose of attaining specific objectives or activities in accordance with special regulations, restrictions, or limitations.

The funds for the City of Gary are represented by three categories: governmental funds, proprietary funds, and fiduciary funds. The emphasis of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in GASB Statement No. 34.

The City of Gary uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A budgetary comparison statement has been provided for major funds to demonstrate compliance as required supplementary information.

Governmental Funds: includes most of the City's basic services and are used to account for fundamentally the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. It focuses on near term inflows and outflows of expendable resources.

**General Government Revenues**

Property taxes continue to represent a significant funding source of general government revenues needed to support the services provided by the City. The City continues to emphasize the need to diversify its revenue stream, which is necessary to reduce the dependency on general property taxes. Currently the City's property taxpayers, along with intergovernmental tax revenues, carry a major share of the cost of public safety services and general service functions. The following schedule presents a summary of general revenues for the year ended December 31, 2003 and the amount and percentages.

<u>Revenues</u>	<u>2003</u> <u>Amount</u>	<u>Percent of</u> <u>Total</u>
General Revenues:		
Property Taxes	\$ 76,461,652	64.63%
Intergovernmental revenues:		
Excise taxes	\$ 2,773,092	2.34%
Financial institutions taxes	\$ 8,044,623	6.80%
Gaming taxes	\$ 19,140,573	16.18%

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

Cigarette taxes	\$	185,356	0.16%
Alcoholic beverage taxes	\$	281,388	0.24%
Grants and contributions not restricted to specific programs	\$	8,140,310	6.88%
Other	\$	1,381,080	1.17%
Unrestricted investment earnings	\$	101,120	.09%
Transfers	\$	1,797,608	1.52%
Totals	\$	118,306,802	100.00%

Taxes represent a significant source of revenue needed to support the services provided by the City. The largest source of revenue is generated by property taxes. This revenue calculation is based on two factors. First is the assessed property valuation of industrial, commercial, and residential property, both real and personal. The second variable is the application of a tax rate to arrive at the tax levy. Property is assessed at 100% of the true value. The assess value of real property was converted from a depreciated system to a market value system. The City has the ability to increase the levy by 5% each year or carryover the additional levy into future years. The revenue listed above represents taxes collected for the following funds; General Fund, Park and Recreation Fund, Convention Center, Redevelopment, and Cumulative Capital Development Fund.

One of the main focuses for the City is to diversify the revenue sources. The major objective is to broaden the tax base for our property taxpayer and to decrease our property tax rate. Currently, the City's property taxpayers carry a disproportionate share of the cost of public safety (police and fire services) and general government functions (elected officials, finance, legal, and administration departments). Property tax makes up 85% of general fund revenues. Public safety is the main focus in Gary, and the cost is constantly rising. In order to keep this cost low for our taxpayer's, new sources of revenues need to be identified. Presently, Lake County has no property tax relief mechanism in place to assist the city in this effort. The County officials have the option to establish a countywide income tax. A portion of this tax can be used for property tax relief to our homeowners. The City of Gary is using every effort to reduce the tax burden to its taxpayers. We are contemplating ways to increase non-property tax revenues by increasing fees for licenses and fines, and also fees for services charged to the general public. We contemplate user fees and charges for services to increase with annual operating costs.

General Government Expenditures – The City breaks its general government expenditures into six categories: general government, public safety, highways and streets, health and welfare, culture and recreation, and urban redevelopment and housing. Information is presented separately in the governmental fund balance sheet and in the

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

governmental fund statement of revenues, expenditures, and changes in fund balances for the general, gaming, and redevelopment bond funds, which are considered major funds. Data for the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Since government funds focus is not as broad as government-wide financial statements, a valuable comparison can be made with the information presented for governmental funds against similar information presented for governmental activities in the government-wide financial statements. The comparison provides readers with a thorough understanding of the long-term impact of the government near-term financing. Both the governmental fund balance sheets and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Proprietary Funds:** the City of Gary maintains two different types of proprietary funds, the Enterprise Funds and Internal Service Funds. The city's proprietary fund is the Gary Sanitary District wastewater facility. Enterprise Funds are used to account for the financing of services to the general public, and report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its wastewater management operations. Internal Service Funds are used to accumulate and allocate costs internally among the city's various functions between departments and agencies, such as group health insurance benefits, and unemployment and worker's compensation benefits. Since these services primarily benefit government as opposed to business-type functions, they have been included within governmental activities in the government-wide financial statements.

Government-wide statements and proprietary funds financial statements provide the same type of information, except proprietary fund statements offer more details. Proprietary funds use the accrual basis of accounting.

**Fiduciary Funds:** these funds are used to account for assets held by the municipality in a trustee capacity or as an agent for individuals, organizations, or other governmental units or funds. Included in fiduciary funds are trust and agency funds. Financial information for fiduciary funds is not reflected in the government-wide financial statements because the resources are not available to support the city's operations.

The City's fiduciary duties are accounted for in both Trust and Agency Funds. The primary trust funds are the Police and Fire Pension Funds (explained below). The Agency Fund is for payroll and related employee deductions.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

Pension Trust Fund Operations – Most City employees are covered by the Public Employees Retirement Fund and the 1977 Police Officers' and Firefighters Pension Fund, both administered by the State of Indiana. However, certain police officers and firefighters hired before May 1, 1977, who did not opt into the 1977 fund, continue to be members of the 1925 Police Pension Fund and the 1937 Fighters' Pension Fund. These two funds are administered by the City. This group of police officers and firefighters will continue to decline in the future, both as a total number and as a percentage of total payrolls of both the police and fire departments and of the City as a whole.

The 1925 and 1937 Plans are funded through a combination of property taxes levied by the City and distributions from the State Pension Relief Fund. As a result of the requirements of the state statute that created these funds, the City is legally prevented from funding them in any other way than a "pay-as-you-go" basis. For December 31, 2001, the City received an actuarial survey on these funds to provide the proper disclosures required by generally accepted accounting principles. This information is included in the following section.

Notes to the Basic Financial Statements. The financial statement notes provide additional information that is imperative to a full understanding of the data provided in the government-wide and fund financial statements.

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report provides supplementary information that is required by the Government Accounting Standards Board Statement No. 34.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The financial analysis of the government-wide statements will focus on the net assets, and changes in net assets of the City of Gary's governmental and business-type activities. Net assets may serve as a meaningful indicator of a government's financial position.

Current and other assets consist of cash, investments, property taxes, accounts, and intergovernmental receivables, employer contributions, loans, inventories, prepaid expenses, and restricted assets.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

Long-term liabilities consist mostly of payables for judgments, contracts, revenue bonds, notes and loans, and general obligation bonds. Other payables include payables from restricted assets as accounts payable, accrued bond interest, retainage payable, estimated medical claims payable and loan and bond payables due within one year.

Capital assets include land, infrastructure, construction in progress, buildings and improvements, and equipment, which are used to provide services to the citizens of the city.

**STATEMENT OF NET ASSETS**

The city's net assets totaled \$288,239,540 for 2003. Of that amount, the governmental activities net assets were \$117,393,474, while the business type activity's net assets totaled \$170,845,793. One of the largest increases in the city's net assets was investment in capital assets, which increased by 20%. This increase was largely due to the recording of historical valuation for infrastructure in governmental activities, as well as improvements to the Public Safety Building in 2003. The decrease of \$7,493,678 in Current and Other Assets are the effect of decreases in investments and restricted assets for cash and cash equivalents in business-type activities.

Current liabilities increased by 394%. This increase was primarily a result of anticipated warrants outstanding. The delay in the distribution of property tax due to the statewide reassessment of property required the need for near-term borrowing. The City reduced its long-term liabilities associated with the redevelopment bond and building corporation bond by 6%. Since the capital assets themselves are used to provide services to citizens, they cannot be used to liquidate the associate debt. Therefore, resources needed to repay the debt are provided from other sources.

Another component of the city's net assets is restricted. These resources are subject to external restrictions as to how they may be used. Grantors, contributors and other branches of the government may impose restrictions as regulated by law through constitutional provisions or legislation. Restricted net assets decreased by 30%.

Unrestricted net assets are the final component represented. Unrestricted resources for the city may be used to meet its continued obligations to citizens and creditors. Federal mandates for homeland securities and rising health costs contributes to the negative balances in unrestricted net assets. The larger portion of the deficit balance of \$16,849,695 in unrestricted net assets for the city was principally due to the recording of historical accumulated depreciation of infrastructure.

The City of Gary's overall financial position is dependent on the collections of tax payments at a substantially higher rate than in previous years.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

**CITY OF GARY, INDIANA**  
**COMPARATIVE STATEMENT OF NET ASSETS**  
**December 31, 2003**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		PERCENT INCREASE/ DECREASE OF CHANGE	
	2002	2003	2002	2003	2002	2003		
<b>ASSETS:</b>								
Current and other Assets	\$50,565,239	\$50,302,037	\$60,053,062	\$52,822,586	\$110,618,301	\$103,124,623	(\$7,493,678)	-7%
Capital Assets	\$122,965,850	\$194,694,688	\$140,524,086	\$151,953,876	\$263,489,936	\$346,648,564	\$83,158,628	32%
Total Assets	\$173,531,089	\$244,996,725	\$200,577,148	\$204,776,462	\$320,108,237	\$449,773,187	\$129,664,950	41%
<b>LIABILITIES:</b>								
Current Liabilities	\$5,734,548	\$38,606,966	\$2,552,322	\$2,313,669	\$8,286,870	\$40,920,635	\$32,633,765	394%
Other Liabilities	\$19,208,058	\$17,899,391	\$3,599,897	\$4,990,560	\$22,807,955	\$22,889,951	\$81,996	0%
Long-Term Liabilities	\$75,514,580	\$71,096,621	\$28,241,590	\$26,626,440	\$103,756,170	\$97,723,061	(\$6,033,109)	-6%
Total Liabilities	\$100,457,186	\$127,602,978	\$34,393,809	\$33,930,669	\$134,850,995	\$161,533,647	\$26,682,652	20%
<b>NET ASSETS:</b>								
Invested in capital assets								
net of related debt	\$81,275,430	\$162,729,405	\$156,272,954	\$122,393,436	\$237,548,384	\$285,122,841	\$47,574,457	20%
Restricted	\$22,359,527	\$15,951,304	\$28,561,907	\$19,528,276	\$50,921,434	\$35,479,580	(\$15,441,854)	-30%
Unrestricted	(\$30,561,054)	(\$61,286,962)	(\$18,651,522)	\$28,924,081	(\$49,212,576)	(\$32,362,881)	\$16,849,695	34%
Total Net Assets	\$73,073,903	\$117,393,747	\$166,183,339	\$170,845,793	\$239,257,242	\$288,239,540	\$48,982,298	21%

**STATEMENT OF ACTIVITIES**

Statement of Activities presents financial data for Expenses and Program Revenues for Primary Government. Program Revenues consist of revenues from Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. Operating Grants and Contributions are monies received from parties outside the City and are generally restricted to one or more specific programs. Some of the city's grants are reimbursable, whereas revenues are not received until an expense has been incurred. Thus, revenues are not always received in the period for which the expense was incurred.



**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

Below is a comparison of the net expense and revenue and changes in net assets for 2002 and 2003:

**CITY OF GARY**  
**COMPARATIVE STATEMENT OF ACTIVITIES**  
**For the Years Ended December 31, 2002 and December 31, 2003**

FUNCTIONS/PROGRAMS	Net (Expense) Revenue and Changes in Net Assets Primary Government			
	2002	2003	INCREASE/ DECREASE	PERCENT OF CHANGE
Primary Government:				
Government Activities:				
Total Primary Government	\$ (91,614,527)	\$ (131,075,525)	\$ (39,460,998)	43.07%
Business Type Activities:				
Gary Sanitary District	(1,884,123)	(9,149,644)	(7,265,521)	385.62%
Total Primary Government	\$ (93,498,650)	\$ (140,225,169)	\$ (46,726,519)	49.98%
General Revenues:				
Total General Revenues, Special Items and Transfers	\$ 92,469,694	\$ 132,044,350	\$ 39,574,656	42.80%
Change in Net Assets	\$ (1,028,956)	\$ (8,180,829)	\$ (7,151,873)	695.06%
Net Assets - January 1, 2003	240,286,198	296,420,369	56,134,171	23.36%
Net Assets - December 31, 2003	\$ 239,257,242	\$ 288,239,540	\$ 48,982,298	20.47%

There was an increase in the deficit balance for Primary Government activities of 43.07%. This change was due to a reduced amount of Program Revenue grant matches available from the General Fund because of delayed property tax distributions. Also many of the grant programs are reimbursable; therefore, revenues are not received in the period that expenses are incurred.

Business-Type Activities experienced a decrease of 385.62%. Gary Sanitary District EPA grant and SRF loan revenues were reported in error as Program Revenue for Primary Government in 2002, but in 2003 they were correctly reported as General Revenue. This change accounts for the \$7,265,521 decrease in Business-Type Activities, and the increase in a portion of the General Revenue, Special Items and Transfers.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

**GOVERNMENT FUND STATEMENTS FINANCIAL ANALYSIS**

Authoritative accounting and financial reporting standards for state and local government require that government-wide financial statements be accompanied by fund-based presentations. To ensure adherence to these financial and legal requirements, the City of Gary uses the fund accounting system.

Governmental Funds: The City of Gary's governmental funds provides information on inflows and outflows, which is beneficial in determining the City's financial requirements. It focuses on current financial resources. The financial statements for governmental funds report a separate column for *each individual major fund*, with data from all non-major governmental funds aggregated into a single other *governmental funds column*.

**BUDGETARY HIGHLIGHTS**

The following financial information is condensed from the required supplementary information budget comparison schedules

**General Fund Budgetary Schedules**

Below is a schedule of Original Budget to Final Budget for the General Fund. There were no changes in revenues from Original Budget to Final Budget. The increase in 2003 from Original to Final Budgets is in the Public Safety department of \$8,688,248. This change is attributed to increased overtime pay in an effort to better deter crime and on-going homeland security requirements.

The increase in the General Government of \$3,704,685 in 2003 is a result of increased utility rates and medical insurance expenses.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

**CITY OF GARY, INDIANA**  
**COMPARATIVE GENERAL FUND BUDGETARY SCHEDULES**  
**for years ended December 2002 and December 2003**

	2002			2003		
	Original Budget	Final Budget	Increase/ Decrease	Original Budget	Final Budget	Increase/ Decrease
<b>Revenues:</b>						
Property Taxes	\$ 49,950,375	\$ 49,950,375	\$ -	\$ 61,751,513	\$ 61,751,513	\$ -
License and Permits	548,210	548,210	-	538,326	538,326	-
Intergovernmental	3,207,154	3,207,154	-	2,337,606	2,337,606	-
Charges and Services	493,503	493,503	-	502,595	502,595	-
Fines and Forfeits	670,491	670,491	-	401,663	401,663	-
Other	2,326,776	2,326,776	-	3,166,149	3,166,149	-
Total Revenues	\$ 57,196,509	\$ 57,196,509	\$ -	\$ 68,697,852	\$ 68,697,852	\$ -
<b>Expenditures:</b>						
General Government	\$ 27,626,425	\$ 26,551,003	\$ (1,075,422)	\$ 28,472,808	\$ 32,177,493	\$ 3,704,685
Public Safety	32,468,504	37,941,907	5,473,403	32,577,183	41,265,431	\$ 8,688,248
Highways and Streets	278,607	233,781	(44,826)	-	-	\$ -
Health and Welfare	1,564,600	1,428,557	(136,043)	1,548,760	1,401,695	\$ (147,065)
Urban Redevelopment and Housing	484,575	417,805	(66,770)	991,324	783,053	\$ (208,271)
Total Expenditures	\$ 62,422,711	\$ 66,573,053	\$ 4,150,342	\$ 63,590,075	\$ 75,627,673	\$ 12,037,598
Other Financing sources (uses):	\$ -	\$ 9,754,895	\$ 9,754,895	\$ 20,723,598	\$ 20,723,598	\$ -
Net Change in Fund Balances	\$ (5,226,202)	\$ 378,351	\$ 5,604,553	\$ 25,831,375	\$ 13,793,777	\$ (12,037,598)
Fund Balance, Dec. 2002	1,540,358	1,540,358	-	556,367	556,367	\$ -
Fund Balance, Dec. 2003	\$ (3,685,844)	\$ 1,918,709	\$ 5,604,553	\$ 26,387,742	\$ 14,350,144	\$ (12,037,598)

CITY OF GARY, INDIANA

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**  
**COMPARATIVE GENERAL FUND BUDGETARY SCHEDULES**  
**for years ended December 2002 and December 2003**

	Final Budget	2002 Actual Budget	Percent of Change	Final Budget	2003 Actual Budget	Percent of Change
<b>Revenues:</b>						
Property Taxes	\$ 49,950,375	\$ 48,623,246	\$ (1,327,129)	\$ 61,751,513	\$ 38,647,167	\$ (23,104,346)
License and Permits	\$ 548,210	\$ 615,470	\$ 67,260	\$ 538,326	\$ 652,261	\$ 113,935
Intergovernmental	\$ 3,207,154	\$ 3,131,262	\$ (75,892)	\$ 2,337,606	\$ 1,991,437	\$ (346,169)
Charges and Services	\$ 493,503	\$ 713,242	\$ 219,739	\$ 502,595	\$ 798,526	\$ 295,931
Fines and Forfeits	\$ 670,491	\$ 535,553	\$ (134,938)	\$ 401,663	\$ 354,317	\$ (47,346)
Other	\$ 2,326,776	\$ 2,373,514	\$ 46,738	\$ 3,166,149	\$ 7,245,801	\$ 4,079,652
Total Revenues	\$ 57,196,509	\$ 55,992,287	\$ (1,204,222)	\$ 68,697,852	\$ 49,689,509	\$ (19,008,343)
<b>Expenditures:</b>						
General Government	\$ 26,551,003	\$ 27,464,991	\$ 913,988	\$ 32,177,493	\$ 28,802,315	\$ (3,375,178)
Public Safety	\$ 37,941,907	\$ 37,227,450	\$ (714,457)	\$ 41,265,431	\$ 39,992,982	\$ (1,272,449)
Highway and Streets	\$ 233,781	\$ 227,124	\$ (6,657)	\$ -	\$ 6,778	\$ 6,778
Health and Welfare	\$ 1,428,557	\$ 1,402,903	\$ (25,654)	\$ 1,401,695	\$ 1,300,828	\$ (100,867)
Urban Redevelopment and Housing	\$ 417,805	\$ 408,705	\$ (9,100)	\$ 783,053	\$ 711,144	\$ (71,909)
Total Expenditures	\$ 66,573,053	\$ 66,731,173	\$ 158,120	\$ 75,627,673	\$ 70,814,047	\$ (4,813,626)
Other Financing sources (uses):	\$ 9,754,895	\$ 9,754,895	\$ -	\$ 2,072,598	\$ 20,723,598	\$ 18,651,000
Net Change in Fund Balances	\$ 378,351	\$ (983,991)	\$ (1,362,342)	\$ 13,793,777	\$ (400,940)	\$ (14,194,717)
Fund Balance, Dec. 2002	\$ 1,540,358	\$ 1,540,358	\$ -	\$ 556,367	\$ 556,367	\$ -
Fund Balance, Dec. 2003	\$ 1,918,709	\$ 556,367	\$ (1,362,342)	\$ 14,350,144	\$ 155,427	\$ (14,194,717)

The largest decrease Final to Actual Budget was in revenues. There was a decrease of \$23,104,346 in Property Tax Actual Budget revenues in 2003. The decrease was due to statewide property tax reassessments that resulted in delayed distributions. However, there was a significant increase in other revenues as well as licenses and permits.

There was an overall decrease in total expenditures for final to actual budget of \$4,813,626. The largest decrease was from Final to Actual budget was in General Government where expenditures were reduced to accommodate reduced revenues.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**  
**City of Gary's**

**Capital Assets Comparative Statement**  
**Years ending December 31, 2002 and December 31, 2003**

	Governmental Activities			Business-Type Activities		
	2002	2003	Percent of Change	2002	2003	Percent of Change
Capital assets						
not being depreciated:						
Land	\$ 9,135,960	\$ 9,978,559	9.22%	\$ 453,203	\$ 453,204	0.00%
Construction in Progress	\$ 9,102,610	\$ 1,502,045	-83.50%	\$ 12,923,192	\$ 13,101,783	1.38%
Total capital assets						
not being depreciated	\$ 18,238,570	\$ 11,480,604	-37.05%	\$ 13,376,395	\$ 13,554,987	1.34%
Capital assets, being depreciated:						
Buildings and Improvements	\$ 115,905,992	\$ 141,884,498	22.41%	\$ 85,766,093	\$ 90,753,187	5.81%
Improvements other than buildings	\$ 7,999,144	\$ 9,823,518	22.81%	\$ -	\$ -	0.00%
Transmission Lines	\$ -	\$ -	0.00%	\$ 177,400,800	\$ 180,768,519	1.90%
Machinery and Equipment	\$ 32,639,473	\$ 37,743,440	15.84%	\$ 41,493,970	\$ 44,118,783	6.33%
Roads	\$ -	\$ 117,306,271	100.00%	\$ -	\$ -	0.00%
Totals capital assets being depreciated	\$ 156,544,609	\$ 306,757,727	95.96%	\$ 304,660,863	\$ 315,640,489	3.60%
Less accumulated depreciation for:						
Buildings and Improvements	\$ 25,288,455	\$ 28,060,104	10.96%	\$ 62,731,959	\$ 64,123,715	2.22%
Improvements other than buildings	\$ 4,380,598	\$ 4,842,417	10.54%	\$ -	\$ -	0.00%
Transmission Lines	\$ -	\$ -	0.00%	\$ 84,532,611	\$ 87,329,809	3.31%
Machinery and Equipment	\$ 22,148,276	\$ 25,427,801	14.81%	\$ 30,248,602	\$ 25,788,076	-14.75%
Roads	\$ -	\$ 65,213,321	100.00%	\$ -	\$ -	0.00%
Total accumulated depreciation	\$ 51,817,329	\$ 123,543,643	138.42%	\$ 177,513,172	\$ 177,241,600	-0.15%
Total capital assets, being depreciated, net	\$ 104,727,280	\$ 183,214,084	74.94%	\$ 127,147,691	\$ 138,398,889	8.85%
Total governmental activity						
net capital assets	\$ 122,965,850	\$ 194,694,688	58.33%	\$ 140,524,086	\$ 151,953,876	8.13%

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

**CAPITAL ASSETS**

In government activities, capital assets not depreciated decreased by 37.05%. This change was due to the completion of the baseball stadium construction in 2002. The recording of historical infrastructure costs in roads and improvements other than buildings account for the increases in capital assets being depreciated of 95.96% and the increases in accumulated depreciation on the historical infrastructure of 138.42%.

In business-type activities, the significant change is in the recording of Building and Improvements being depreciated of 5.81%. This increase consisted of eight projects involving the Gary Sanitary District Aeration and the Feeder Building project. The increase of 6.33% in Machinery and Equipment being depreciated was attributed to the purchase of various operational equipment. This equipment replaces dated and obsolete equipment to maintain efficient operations of the facility.

A detailed note of these capital assets can be found the Notes to the Basic Financial Statement.

**DEBT ADMINISTRATION**

As of December 31, 2003, several debt issues are outstanding for the City of Gary. The issues from governmental activities include \$27,815,000 in revenue bonds for Public Safety Facility renovations, Lakefront Development, Baseball Stadium, and Sears Building renovations. Governmental activities revenue bonds issued decreased by \$14,930,000 from the prior year. Additionally, a HUD mortgage payable of \$400,000 is outstanding. No new bonds were issued in 2003.

The Business-Type Activities outstanding debt issues include \$11,910,000 in general obligation bonds, and SRF loans payable of \$ 33,246,227 . However, the full amount from the SRF loan has not been borrowed. As of December 31, 2003, only \$18,104,043 has been borrowed from the SRF loans.

A detail listing of this debt can be found in the Notes to the Basic Financial statements. A calculation of the City's legal debt limitation can be found in the statistical section of this document.

**ECONOMIC FACTORS AND GENERAL OUTLOOK**

Although Lake County has experienced a 5% increase in population since the 2000 census, the City of Gary, with a population of approximately 102,671 at the 2000 census, has experienced a slight decrease in population. The majority of growth for the county occurred in the suburban communities, while larger urban cities as Gary, Hammond, and East Chicago experienced declines in population.

**GARY, INDIANA**  
**Management Discussion and Analysis**  
**For the year ended December 31, 2003**

The U.S. Department of Labor, Bureau of Labor Statistics recorded unemployment for the City of Gary at an average of 6.5% in 2003, up from 6.2% in 2002. The National Average for unemployment was 6% in 2003. As of August 2004, the City of Gary's unemployment rate has dropped to 5.5%, while the National average for the same period is 5.4%.

As in the case of most of Lake County, the City of Gary's economic condition is highly dependent on the steel industry. The city continues to explore means to diversify its economic base. Other large industry includes Trump and Majestic casinos, educational institutions, and trucking transport companies.

As formerly projected, assessed values were not available in time to establish property tax rates and levies as required in February of each year. Consequently, the county distributed 2003 tax distributions for 2002 reconciliation tax bills later than normal. It is further projected that 2004 tax distributions for the first half of 2003 tax bills will be distributed in January of 2005. Therefore, City of Gary foresees the year of 2004 to be a continued challenge.

**REQUESTS FOR INFORMATION**

The financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Gary's financial position. Any questions regarding information provided in this report or requests for additional financial information should be addressed to the City Controller, Finance Department, 401 Broadway, Suite 100, Gary, IN 46402.

CITY OF GARY, INDIANA  
STATEMENT OF NET ASSETS  
December 31, 2003

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 9,494,267	\$ 16,007,173	\$ 25,501,440
Receivables (net of allowances for uncollectibles):			
Taxes	25,248,151	3,404,184	28,652,335
Accounts	4,397,342	11,205,526	15,602,868
Intergovernmental	4,691,087	157,252	4,848,339
Employee contributions	3,634	-	3,634
Loans	13,750	-	13,750
Internal balances	(9,200,000)	9,200,000	-
Inventories	-	803,591	803,591
Prepaid expense	173,186	21,013	194,199
Restricted assets:			
Cash and cash equivalents	8,558,944	9,986,213	18,545,157
Investments	1,511,603	-	1,511,603
Interest receivable	2,235	-	2,235
Taxes	-	1,255,550	1,255,550
Accounts receivable	38,118	-	38,118
Intergovernmental	814,103	314,859	1,128,962
Loans	3,826,403	-	3,826,403
Prepaid expense	44,416	-	44,416
Deferred debits	684,798	467,225	1,152,023
Capital assets:			
Land and construction in progress	11,480,604	13,554,987	25,035,591
Other capital assets, net of depreciation	183,214,084	138,398,889	321,612,973
Total assets	244,996,725	204,776,462	449,773,187

The notes to the financial statements are an integral part of this statement.

Continued on next page



CITY OF GARY, INDIANA  
STATEMENT OF NET ASSETS  
December 31, 2003  
(Continued)

<u>Liabilities</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Accounts payable	15,166,321	1,799,163	16,965,484
Accrued payroll and withholdings payable	2,720,878	65,134	2,786,012
Compensated absences	-	80,324	80,324
Contracts payable	-	369,048	369,048
Claims payable	2,212,334	-	2,212,334
Taxes payable	2,996	-	2,996
Accrued interest payable	25,661	-	25,661
Deposit payable for rental contracts	13,380	-	13,380
Loans payable	400,000	-	400,000
Tax anticipation warrants	18,065,396	-	18,065,396
Payable from restricted assets:			
Accounts payable	845,894	29,051	874,945
Accrued payroll and withholdings payable	109,878	-	109,878
Contracts payable	-	1,600,246	1,600,246
Accrued interest	182,196	427,263	609,459
General obligation bonds payable - due within one year	-	1,200,000	1,200,000
Revenue bonds - due within one year	14,960,000	-	14,960,000
Capital lease obligations - due within one year	1,801,423	-	1,801,423
Loans payable - due within one year	-	1,734,000	1,734,000
Long term liabilities:			
General obligation bonds payable (net of unamortized premium)	-	11,031,463	11,031,463
Compensated absences	2,459,914	-	2,459,914
Revenue bonds payable	12,855,000	-	12,855,000
Deferral of loss on refunding	-	(775,066)	(775,066)
Loans payable	-	16,370,043	16,370,043
Capital lease obligations	3,033,658	-	3,033,658
Estimated claims and judgments	450,000	-	450,000
Landfill closure and post-closure costs	1,713,671	-	1,713,671
Net pension obligation	50,584,378	-	50,584,378
<b>Total liabilities</b>	<b>127,602,978</b>	<b>33,930,669</b>	<b>161,533,647</b>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	162,729,405	122,393,436	285,122,841
Restricted for:			
Highways and streets	370,938	-	370,938
Capital outlay	3,131,816	14,524,494	17,656,310
Debt service	3,946,280	5,003,782	8,950,062
Other purposes	8,502,270	-	8,502,270
Unrestricted	(61,286,962)	28,924,081	(32,362,881)
<b>Total net assets</b>	<b>\$ 117,393,747</b>	<b>\$ 170,845,793</b>	<b>\$ 288,239,540</b>

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2003

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 61,508,391	\$ 2,538,556	\$ 417,082	\$ 371,434	\$ (58,181,319)	\$ -	\$ (58,181,319)
Public safety	56,808,035	2,148,209	4,387,771	54,320	(50,217,735)	-	(50,217,735)
Highways and streets	7,686,385	-	3,208,149	1,809,751	(2,668,485)	-	(2,668,485)
Sanitation	1,014,498	-	549,996	1,164,233	699,731	-	699,731
Economic development	17,867,057	258,518	9,694,010	1,280,909	(6,633,620)	-	(6,633,620)
Culture and recreation	11,123,918	1,302,324	52,384	-	(9,769,210)	-	(9,769,210)
Health and welfare	8,165,028	205,826	5,148,995	-	(2,810,207)	-	(2,810,207)
Interest on long-term debt	1,494,690	-	-	-	(1,494,690)	-	(1,494,690)
Total governmental activities	165,668,002	6,453,433	23,458,387	4,680,647	(131,075,535)	-	(131,075,535)
Business-type activities:							
Sanitary District	27,217,321	18,067,677	-	-	-	(9,149,644)	(9,149,644)
Total business-type activities	27,217,321	18,067,677	-	-	-	(9,149,644)	(9,149,644)
Total primary government	\$ 192,885,323	\$ 24,521,110	\$ 23,458,387	\$ 4,680,647	(131,075,535)	(9,149,644)	(140,225,179)
General revenues:							
Property taxes					76,461,652	9,835,917	86,297,569
Intergovernmental revenues:							
Excise taxes					2,773,092	694,160	3,467,252
Financial institutions taxes					8,044,623	-	8,044,623
Gaming taxes					19,140,573	-	19,140,573
Cigarette taxes					185,356	-	185,356
Alcoholic beverage taxes					281,388	-	281,388
Grants and contributions not restricted to specific programs					8,140,310	4,546,835	12,687,145
Other					1,381,080	-	1,381,080
Unrestricted investment earnings					101,120	458,244	559,364
Transfers					1,797,608	(1,797,608)	-
Total general revenues and transfers					118,306,802	13,737,548	132,044,350
Change in net assets					(12,768,733)	4,587,904	(8,180,829)
Net assets - beginning					130,162,480	166,257,889	296,420,369
Net assets - ending					\$ 117,393,747	\$ 170,845,793	\$ 288,239,540

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2003

<u>Assets</u>	<u>General</u>	<u>Gaming Revenues</u>	<u>Redevelopment Bond</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 46,500	\$ 188,291	\$ 4,153,903	\$ 5,104,929	\$ 9,493,623
Receivables (net of allowances for uncollectibles):					
Taxes	20,961,468	-	-	4,286,683	25,248,151
Accounts	2,414,460	976,030	-	1,004,119	4,394,609
Intergovernmental	1,083,974	2,424,855	-	1,182,258	4,691,087
Loans	-	-	-	13,750	13,750
Interfund receivable:					
Interfund loans	741,132	7,834,757	-	929,948	9,505,837
Prepaid expense	103,904	-	-	69,282	173,186
Restricted assets:					
Cash and cash equivalents	-	-	-	8,558,944	8,558,944
Investments	-	-	-	1,511,603	1,511,603
Interest receivable	-	-	-	2,235	2,235
Accounts receivable	-	-	-	38,118	38,118
Intergovernmental receivable	-	-	-	814,103	814,103
Loans receivable	-	-	-	3,826,403	3,826,403
Prepaid items	-	-	-	44,416	44,416
Total assets	<u>\$ 25,351,438</u>	<u>\$ 11,423,933</u>	<u>\$ 4,153,903</u>	<u>\$ 27,386,791</u>	<u>\$ 68,316,065</u>

The notes to the financial statements are an integral part of this statement.

Continued on next page

CITY OF GARY, INDIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2003  
(Continued)

<u>Liabilities and Fund Balances</u>	<u>General</u>	<u>Gaming Revenues</u>	<u>Redevelopment Bond</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Liabilities:					
Accounts payable	\$ 3,415,991	\$ 390,417	\$ -	\$ 4,159,913	\$ 7,966,321
Accrued payroll and withholdings payable	2,275,050	-	-	445,828	2,720,878
Interfund payable:					
Interfund loans	21,815,941	1,000,000	-	2,446,623	25,262,564
Taxes payable	-	-	-	2,996	2,996
Deposit payable for rental contracts	-	-	-	13,380	13,380
Claims and judgments payable	377,671	-	-	-	377,671
Tax anticipation warrants payable	16,385,185	-	-	1,680,211	18,065,396
Deferred revenue	23,354,238	-	-	4,390,030	27,744,268
Payable from restricted assets:					
Accounts payable	-	-	-	845,894	845,894
Accrued payroll and withholdings payable	-	-	-	109,878	109,878
Interfund payable	-	-	-	20,077	20,077
Deferred revenue	-	-	-	66,044	66,044
Total liabilities	<u>67,624,076</u>	<u>1,390,417</u>	<u>-</u>	<u>14,180,874</u>	<u>83,195,367</u>
Fund balances:					
Reserved for:					
Loans receivable	-	-	-	3,840,153	3,840,153
Encumbrances	(962,403)	712,467	-	5,472,376	5,222,440
Debt service funds	-	-	4,153,903	234	4,154,137
Prepaid items	(103,904)	-	-	113,698	9,794
Unreserved, reported in:					
General fund	(41,206,331)	-	-	-	(41,206,331)
Special revenue funds	-	9,321,049	-	6,455,066	15,776,115
Capital projects funds	-	-	-	(1,779,990)	(1,779,990)
Debt service funds	-	-	-	(895,620)	(895,620)
Total fund balances	<u>(42,272,638)</u>	<u>10,033,516</u>	<u>4,153,903</u>	<u>13,205,917</u>	<u>(14,879,302)</u>
Total liabilities and fund balances	<u>\$ 25,351,438</u>	<u>\$ 11,423,933</u>	<u>\$ 4,153,903</u>	<u>\$ 27,386,791</u>	
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					194,694,688
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					27,810,312
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.					(1,827,652)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(87,781,103)
Change in interfund receivables and payables that were made between governmental and fiduciary funds.					(623,196)
Net assets of governmental activities					<u>\$ 117,393,747</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2003

	General	Gaming Revenues	Redevelopment Bonds	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 37,851,424	\$ -	\$ -	\$ 5,132,832	\$ 42,984,256
Licenses and permits	549,980	-	-	-	549,980
Intergovernmental	2,105,014	19,140,573	-	26,829,116	48,074,703
Charges for services	1,026,336	-	-	2,527,501	3,553,837
Fines and forfeits	371,962	-	-	19,467	391,429
Other	8,446,489	9,644,123	12,893	2,970,364	21,073,869
Total revenues	50,351,205	28,784,696	12,893	37,479,280	116,628,074
Expenditures:					
Current:					
General government	42,785,860	82,229	-	2,256,461	45,124,550
Public safety	40,226,445	-	-	4,085,057	44,311,502
Highways and streets	-	33,208	-	5,934,714	5,967,922
Sanitation	-	-	-	943,616	943,616
Health and welfare	1,302,553	1,012,001	-	5,274,385	7,588,939
Culture and recreation	-	24,464	1,970,758	7,422,115	9,417,337
Urban redevelopment and housing	710,858	6,201,824	-	10,122,882	17,035,564
Debt service:					
Principal	-	-	14,530,000	1,213,936	15,743,936
Interest	-	-	705,195	433,047	1,138,242
Capital outlay:					
General government	549,017	-	-	13,770,267	14,319,284
Public safety	-	5,549,533	-	-	5,549,533
Highways and streets	-	-	-	1,134,901	1,134,901
Sanitation	-	-	-	1,087,719	1,087,719
Culture and recreation	-	-	-	30,800	30,800
Urban redevelopment and housing	-	-	-	7,550,138	7,550,138
Total expenditures	85,574,733	12,903,259	17,205,953	61,260,038	176,943,983
Excess (deficiency) of revenues over (under) expenditures	(35,223,528)	15,881,437	(17,193,060)	(23,780,758)	(60,315,909)
Other financing sources (uses):					
Transfers in	4,066,396	2,809,805	21,511,013	12,080,124	40,467,338
Transfers out	(277,000)	(30,528,136)	(6,093,594)	(1,771,000)	(38,669,730)
Capital lease proceeds	549,017	5,100,000	-	-	5,649,017
Total other financing sources and uses	4,338,413	(22,618,331)	15,417,419	10,309,124	7,446,625
Net change in fund balances	(30,885,115)	(6,736,894)	(1,775,641)	(13,471,634)	(52,869,284)
Fund balances - beginning	(11,387,523)	16,770,410	5,929,544	26,677,551	37,989,982
Fund balances - ending	\$ (42,272,638)	\$ 10,033,516	\$ 4,153,903	\$ 13,205,917	\$ (14,879,302)

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2003

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (statement of revenues, expenditures and changes in fund balances).	\$ (52,869,284)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	13,391,788
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(118,960)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	34,550,309
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,113,471
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(17,461,826)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>(374,231)</u>
Change in net assets of governmental activities (statement of activities).	<u>\$ (12,768,733)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2003

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Sanitary District	Internal Service Funds
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 16,007,173	\$ 644
Taxes receivable (net of allowance)	3,404,184	-
Accounts receivable (net of allowance)	11,205,526	2,733
Intergovernmental receivable	157,252	-
Employer contributions receivable	-	972,762
Employee contributions receivable	-	3,634
Interfund loans receivable	9,200,000	-
Inventories	803,591	-
Prepaid items	21,013	-
	<u>40,798,739</u>	<u>979,773</u>
Total current assets		
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Employee worker compensation claims	100	-
Bond covenant accounts	3,861,373	-
Federally restricted accounts	6,124,740	-
Restricted receivables (net of allowance):		
Taxes	1,255,550	-
Intergovernmental	314,859	-
	<u>11,556,622</u>	<u>-</u>
Total restricted assets		
Deferred charges	<u>467,225</u>	<u>-</u>
Capital assets:		
Land, improvements to land and construction in progress	13,554,987	-
Other capital assets (net of accumulated depreciation)	<u>138,398,889</u>	<u>-</u>
Total capital assets	<u>151,953,876</u>	<u>-</u>
Total noncurrent assets	<u>163,977,723</u>	<u>-</u>
Total assets	<u>204,776,462</u>	<u>979,773</u>

The notes to the financial statements are an integral part of this statement.

Continued on next page

CITY OF GARY, INDIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2003  
(Continued)

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Sanitary District	Internal Service Funds
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	1,799,163	-
Accrued payroll and withholdings payable	65,134	-
Compensated absences	80,324	-
Contracts payable	369,048	-
Estimated claims payable	-	1,834,663
Interfund payables:		
Interfund loans	-	623,196
Current liabilities payable from restricted assets:		
Accounts payable	29,051	-
Contracts payable	1,600,246	-
Accrued interest payable	1,200,000	-
General obligation bonds payable	427,263	-
Notes and loans payable	1,734,000	-
Total current liabilities	7,304,229	2,457,859
Noncurrent liabilities:		
General obligation bonds payable (net of unamortized premium)	11,031,463	-
Deferral of loss on refunding	(775,066)	-
Notes and loans payable	16,370,043	-
Total noncurrent liabilities	26,626,440	-
Total liabilities	33,930,669	2,457,859
<u>Net Assets</u>		
Invested in capital assets, net of related debt	122,393,436	-
Restricted for capital outlay	14,524,494	-
Restricted for debt service	5,003,782	-
Unrestricted	28,924,081	(1,478,086)
Total net assets	\$ 170,845,793	\$ (1,478,086)

The notes to the financial statements are an integral part of this statement.



CITY OF GARY, INDIANA  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2003

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Sanitary District	Internal Service Funds
Operating revenues:		
Unmetered revenue	\$ 3,295,490	\$ -
Metered revenue:		
Residential	5,525,457	-
Commercial and industrial	5,868,541	-
Governmental	1,697,510	-
Employer contributions	-	9,854,536
Employee contributions	-	129,230
Other	1,680,679	15,718
	<u>18,067,677</u>	<u>9,999,484</u>
Total operating revenues		
	<u>18,067,677</u>	<u>9,999,484</u>
Operating expenses:		
Treatment and disposal expense - operations and maintenance	10,461,038	-
Customer accounts	829,464	-
Administration and general	3,892,146	-
Depreciation	5,670,759	-
Insurance claims and premiums	-	9,869,552
Sanitation	5,107,655	-
	<u>25,961,062</u>	<u>9,869,552</u>
Total operating expenses		
	<u>25,961,062</u>	<u>9,869,552</u>
Operating income (loss)	<u>(7,893,385)</u>	<u>129,932</u>
Nonoperating revenues (expenses):		
Property taxes	9,835,917	-
Intergovernmental	694,160	-
Interest and investment revenue	458,244	-
Operating grants and contributions	656,735	-
Interest expense	(1,256,259)	-
	<u>10,388,797</u>	<u>-</u>
Total nonoperating revenue (expenses)		
	<u>10,388,797</u>	<u>-</u>
Income before contributions and transfers	2,495,412	129,932
Capital grants and contributions	3,890,100	-
Transfers out	(1,797,608)	-
	<u>4,587,904</u>	<u>129,932</u>
Change in net assets		
	<u>4,587,904</u>	<u>129,932</u>
Total net assets - beginning	<u>166,257,889</u>	<u>(1,608,018)</u>
Total net assets - ending	<u>\$ 170,845,793</u>	<u>\$ (1,478,086)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2003

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Sanitary District	Internal Service Funds
Cash flows from operating activities:		
Receipts from customers and users	\$ 17,432,885	\$ 613,311
Receipts from interfund services provided	-	8,883,949
Payments to suppliers and employees	(19,027,853)	-
Payments to providers and insurers	-	(9,277,533)
	<u>          </u>	<u>          </u>
Net cash provided by operating activities	(1,594,968)	219,727
Cash flows from noncapital financing activities:		
Transfer to other funds	(1,797,608)	-
Loans to other funds	(9,200,000)	-
Loans from other funds	-	400,000
Loans repaid from other funds	-	(300,000)
Operating grants received	656,735	-
	<u>          </u>	<u>          </u>
Net cash provided (used) by noncapital financing activities	(10,340,873)	100,000
Cash flows from capital and related financing activities:		
Property taxes and intergovernmental	6,179,724	-
Proceeds from capital debt	1,526,913	-
Capital grants and contributions	3,890,100	-
Acquisition and construction of capital assets	(16,680,699)	-
Principal paid on capital debt	(2,959,000)	-
Interest paid on capital debt	(1,143,966)	-
Defeasance of bonds	(185,531)	-
	<u>          </u>	<u>          </u>
Net cash provided (used) by capital and related financing activities	(9,372,459)	-
Cash flows from investing activities:		
Interest received	458,244	-
	<u>          </u>	<u>          </u>
Net cash provided (used) by investing activities	458,244	-
Net increase in cash and cash equivalents	(20,850,056)	319,727
Cash and cash equivalents, January 1 (Including \$30,403,047 and \$0, respectively, for the payment of employee worker compensation claims, payment of bonds and interest, and completion of federally funded projects reported in restricted accounts)	46,843,442	(542,279)
	<u>          </u>	<u>          </u>
Cash and cash equivalents, December 31 (Including \$9,986,213 and \$0, respectively, for the payment of employee worker compensation claims, payment of bonds and interest, and completion of federally funded projects reported in restricted accounts)	\$ 25,993,386	\$ (222,552)
	<u>          </u>	<u>          </u>

The notes to the financial statements are an integral part of this statement.

Continued on next page

CITY OF GARY, INDIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Business-Type Activities - Enterprise Fund	Governmental Activities Internal Service Funds
	Sanitary District	
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ (7,893,385)	\$ 129,932
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	5,670,759	-
(Increase) decrease in assets:		
Accounts receivable	(634,792)	(637)
Inventories	(1,857)	-
Prepaid items	14,351	-
Employer contributions receivable	-	(504,163)
Employee contributions receivable	-	2,576
Increase (decrease) in liabilities:		
Accounts payable	511,969	-
Accrued payroll and withholdings payable	6,688	-
Contracts payable	817,075	-
Compensated absence payable	(24,888)	-
Claims payable	(60,888)	592,019
Total adjustments	6,298,417	89,795
Net cash provided by operating activities	<u>\$ (1,594,968)</u>	<u>\$ 219,727</u>
Noncash investing, capital and financing activities:		
On May 22, 2003, the Sanitary District issued \$11,910,000 in refunding special taxing district general obligation bonds to currently refund \$11,430,000 of outstanding 1993 series bonds. The net proceeds of \$11,442,775 (after payment of \$467,225 in issuance costs) and local contributions of \$185,531 were deposited in escrow to pay the 1993 series bonds when called on July 1, 2003. The accounting loss of \$775,066 has been recognized on the Statement of Net Assets as Deferral of loss on refunding, and will be amortized using the straight line method and charged to interest expense over the next ten years beginning in 2004.		
A deposit was made in 2002 for sewer line construction, which was completed and included as additions to capital assets in 2003	<u>\$ 615,000</u>	
Transfer of completed construction projects to capital assets	<u>\$ 16,468,592</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2003

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 592,215	\$ 4,278,666
Receivables:		
Accounts receivable	7,200,000	-
Interfund receivable	1,000,000	-
Total assets	<u>8,792,215</u>	<u>\$ 4,278,666</u>
 <u>Liabilities</u>		
Accounts payable	1,742,098	\$ 800,000
Payroll withholdings payable	-	2,159,816
Interfund payable	1,000,000	-
Trust payable	-	1,318,850
Total liabilities	<u>2,742,098</u>	<u>\$ 4,278,666</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits	<u>6,050,117</u>	
Total net assets	<u>\$ 6,050,117</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2003

	Pension Trust Funds
<u>Additions</u>	
Contributions:	
Employer contributions	\$ 8,008,623
Plan members	<u>299,982</u>
Total contributions	<u>8,308,605</u>
Investment income:	
Interest	<u>30,930</u>
Total additions	<u>8,339,535</u>
<u>Deductions</u>	
Benefits	9,585,290
Administrative expense	<u>748</u>
Total deductions	<u>9,586,038</u>
Changes in net assets	(1,246,503)
Net assets - beginning	<u>7,296,620</u>
Net assets - ending	<u><u>\$ 6,050,117</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Gary (government) was established under the laws of the State of Indiana. The government operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, general administrative services, wastewater disposal, and urban redevelopment and housing.

The accompanying financial statements present the activities of the government and its significant component units. The component units discussed below are included in the government's reporting entity because of the significance of their operational or financial relationships with the government. Blended component units, although legally separate entities, are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the government.

Blended Component Units

The Gary Building Corporation is a significant blended component unit of the primary government. The primary government appoints a voting majority of the Gary Building Corporation's board and a financial benefit/burden relationship exists between the primary government and the Building Corporation. Although it is legally separate from the primary government, the Gary Building Corporation is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the primary government.

Joint Venture

The primary government is a participant with the City of Hammond and the City of East Chicago in a joint venture to operate the Gary/Hammond/East Chicago Empowerment Zone, which was created to create new jobs empowering low-income persons and families to become economically self-sufficient. The primary government is obligated by contract to be the lead entity to administer all federal grant funds provided for the use in the Empowerment Zone. The Empowerment Zone uses its resources to undertake special projects for the primary government. The Empowerment Zone's continued existence depends on the primary government's ability to be awarded continued federal funding. The Empowerment Zone's financial activity is included as a nonmajor fund of the City of Gary.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The primary government appoints the board members of the following organizations:

Gary Housing Authority  
Gary Public Transportation Corporation  
Gary/Chicago Regional Airport Authority  
Gary Economic Development Corporation

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The gaming revenues fund is a special revenue fund. It accounts for the financial resources received from the State of Indiana as gaming admissions taxes.

The redevelopment bond fund is a debt service fund. It accounts for the repayment of principal and interest on revenue bonds that were issued to construct various capital projects.

The government reports the following major proprietary fund:

The sanitary district fund accounts for the operation of the government's wastewater treatment plant, pumping stations and collection systems.

Additionally, the government reports the following fund types:

The internal service funds account for group health insurance, unemployment and workmen's compensation programs provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the government as an agent for the federal government, state government, and other local governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the component unit and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.



CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Open-end mutual funds are reported at fair value.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Interfund Transactions and Balances

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables" (i.e., the current and noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the government in June and in December. State statutes (IC 6-1.1-17-16) require the Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Property tax rates and levies were not established by February 15, 2003, as required by statute, due to the delay in the completion of the reassessment of Lake County. Based on state legislation passed in May 2003, the County sent taxpayers estimated bills for 2003. These were for 70% of their prior year's tax bill. After the completion of the reassessment, a final tax bill was sent to the taxpayers in June 2004. This resulted in reduced tax revenues for the City in 2003.

4. Inventories Value Receivable and Prepaid Items

In accordance with a Contractual Agreement with White River Environmental Partnership (WREP), the inventory in the business-type activity, as valued at June 1, 1998, and adjusted to current year value based upon the consumer price index, by an independent consultant, has been recorded as a long-term receivable. The inventory must be returned the City's business-type activity at the end of the ten year contract term, at the adjusted value.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain proceeds of the enterprise fund general obligation bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because of constraints place on their use by grantors, bond covenants, or state statute. The liabilities related to these assets have also been classified as restricted.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life (In Years)
Buildings	\$ 50,000	Straight-line	25 to 50
Improvements to buildings	25,000	Straight-line	5
Buildings and improvements – business-type activity	25,000	Straight-line	20
Transmission and lines – business-type activity	25,000	Straight-line	10 to 50
Equipment	5,000	Straight-line	3 to 10
Machinery and equipment – business-type activity	25,000	Straight-line	5 to 20
Infrastructure	75,000	Straight-line	75

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the government in its business-type activities during the current year was \$160,345. Of the amount, \$160,345 was included as part of the cost of capital assets under construction in connection with the State Revolving Loan Fund projects, which include plant electrical power upgrades, aeration system improvements, and upgrades and extensions of sewer lines.

7. Compensated Absences

- a. Sick Leave – government employees earn sick leave at the rate of one day per month. Unused sick leave may be accumulated to a maximum of ninety days. Accumulated sick leave is not paid to employees through cash payments upon termination.

Business-type activity employees earn sick leave at the rate of one day per month. Unused sick leave may be accumulated to a maximum of fifteen days. Accumulated sick leave may be paid to employees through cash payments upon employee request.

- b. Vacation Leave – government employees earn vacation leave at rates from ten days to twenty-five days per year based upon the number of years of service. Employees may carry over a maximum of one year in vacation time. Accumulated vacation leave is paid to employees through cash payments upon termination.

Vacation and sick leave is accrued when incurred.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF GARY, INDIANA  
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10. Reclassified Prior Year Data

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. See Note IV J, Restatements and Reclassifications, for more information on reclassified prior year data.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

<u>Description:</u>	<u>Amount</u>
Total fund balances on the governmental fund balance sheet	\$ (14,879,302)
Capital assets used in governmental activities that are not reported in the funds	194,694,688
Other long-term assets not available to pay for current period expenditures and are deferred in the funds	27,810,312
Internal service funds used by management to charge the costs of certain services to individual funds	(1,827,652)
Long-term liabilities, including bonds payable, not due and payable in the current period and not reported in the funds:	
Compensated absences	(2,459,914)
Claims and judgments	(450,000)
Revenue bonds, net of deferred debits	(27,130,202)
Loans payable	(400,000)
Capital lease obligations	(4,835,081)
Accrued interest payable	(207,857)
Landfill closure and postclosure costs	(1,713,671)
Net pension obligation	(50,584,378)
Change in interfund receivable not eliminated	<u>(623,196)</u>
Government-wide statement of net assets	<u>\$ 117,393,747</u>

The internal service funds used by management to charge the costs of certain services to individual funds as reported on the Statement of Net Assets as Governmental Activities differs from the balance report on the Governmental Fund Balance sheet as follows:

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Description:</u>	<u>Amount</u>
Total net assets reported on the statement of net assets proprietary funds governmental activities internal service funds	\$ (1,478,086)
Eliminate employer contributions receivable	(972,762)
Eliminate interfund loans payable	<u>623,196</u>
Total net assets reported for the internal service funds on the statement of net assets as governmental activities	<u>\$ (1,827,652)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

<u>Description:</u>	<u>Amount</u>
Net change in fund balances - total governmental funds in the statement of revenues, expenditures and changes in fund balances	\$ (52,869,284)
Governmental funds report capital outlays as expenditures while the statement of activities has these allocated over their estimated useful lives and reported as depreciation expense:	
Additions in capital assets	21,015,439
Depreciation expense	(7,623,651)
The net effect of various transactions involving miscellaneous capital assets is to increase net assets:	
Eliminate revenue recognized in fund statement for sale proceeds	(92,440)
Recognize loss on sale on government-wide statement	(26,520)
Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, where these amounts are deferred and amortized in the statement of activities:	
Issuance of capital lease	(5,649,017)
Eliminate debt principal payments from expenditures	16,118,936
Recognize expense related to accrued interest	(207,857)
Recognition of prior year accrued interest	221,191
Recognize amortization of deferred debits	(369,782)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:	
Bad debt expense due to change in allowance	(9,553,443)
Deferred revenue to tax revenue	34,550,309
Change in net pension obligation	(7,108,448)
Change in compensated absences	(799,935)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>(374,231)</u>
Change in net assets of governmental activities in the government-wide statement of activities	<u>\$ (12,768,733)</u>

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NOTES TO FINANCIAL STATEMENTS  
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Net revenue (expense) of the internal service funds reported with the governmental activities, is determined as follows:

<u>Description:</u>	<u>Amount</u>
From the statement of revenues, expenses and other changes in net assets reported change in net assets for the internal service funds	\$ 129,932
Eliminate employer contributions receivable, December 31	(972,762)
Eliminate employer contributions receivable, January 1	<u>468,599</u>
Change in net assets as reported in the statement of activities as governmental activities	<u>\$ (374,231)</u>

III. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end.

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Department of Local Government Finance.

The government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

Expenditures exceeded appropriations for the following funds or the following departments within the General Fund, which required legally, approved budgets.

B. Expenditures in Excess of Appropriations

For the year ended December 31, 2003, expenditures exceeded budgeted appropriations in the following funds, by the amounts below:

CITY OF GARY, INDIANA  
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Fund	Amount
General fund departments:	
Development Council	\$ 824
Controller and Department of Finance	855,803
Engineering	6,778
Major special revenue fund:	
Gaming revenues	2,421,232
Nonmajor special revenue funds:	
EEOC human relations	3,424
Emergency shelter grant	27,992
Gleason Golf Course	81,635
Ambulance nonreverting	37,331
Solid waste recycling project	37,469
Environmental management	6,429
Community development block grant	181,161
Total	<u>\$ 3,660,078</u>

These expenditures were funded by available cash balances in the funds. The excess of expenditures over appropriations resulted from the failure to obtain additional appropriation authority from the Common Council and, for some funds, the Department of Local Government Finance.

C. Deficit Fund Equity

At December 31, 2003, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
General fund	\$ 42,272,638
Welfare to work	64,028
Protective services funds	77,930
Local law enforcement block grant	21,552
Workforce development board	28,073
Emergency shelter grant	3,782
Local road and streets	200,984
Solid waste recycling project	24,669
Environmental management	2,671
Workforce development	201
Park and recreation	1,596,096
Community development block grant	36,710
Genesis Convention Center II	76,535
Lakefront development	30,211
Metro Center	21,738
Fifth Third lease	895,620
Cumulative capital development	155,490
Mainwater project	153,817
Casino capital	1,226,427

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	<u>Deficit</u>
Internal service fund:	
Self-Insurance	\$ 1,502,931

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements; these deficits will be repaid from future revenues.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

The government's investments are categorized below to give an indication of the level of risk assumed by the government at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the government or its agent in the government's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the government's name.

	<u>Category</u>			<u>Reported</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
U.S. Government securities	<u>\$ 1,511,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,511,603</u>	<u>\$ 1,511,603</u>

B. Receivables

The government has no receivable accounts that have timing and credit characteristics different from typical accounts receivable for the governmental activities. See Note V.G for information regarding loan receivables.

The business-type activity (Sanitary District) won the litigation with the City of Lake Station regarding billing procedures and amounts billed. Settlement has not yet occurred. As of December 31, 2003, the City of Lake Station, based upon amounts billed by the District, has an outstanding accounts receivable balance for user fees of \$5,555,603. This amount is included in the accounts receivable balance reported for the District. In addition, the District has billed the City of Lake Station for capital costs in the amount of \$309,220, which has not been paid. This amount has not been included as an intergovernmental receivable because it is not known if it will be collected.

The Sanitary District won the litigation with the City of Hobart regarding billing procedures and amounts billed. Settlement has not yet occurred. As of December 31, 2003, the City of Hobart, based upon amounts billed by the Sanitary District, has an outstanding accounts receivable balance for user fees of \$2,564,000. This amount is included in the accounts receivable reported for the Sanitary District.



CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Sanitary District bills the City of Gary user fees for the Wastewater Utility. The amount billed and reflected in accounts receivable in the business-type activity is \$182,608. This same amount was paid to the City as payment in lieu of taxes; then, in 2004, the City will be returning the money to settle their user fees accounts receivable balance.

C. Capital Assets

Capital asset activity for the year ended December 31, 2003, was as follows:

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 9,135,960	\$ (6,700)	\$ 968,259	\$ 118,960	\$ 9,978,559
Construction in progress	9,102,610	-	1,502,045	9,102,610	1,502,045
Total capital assets, not being depreciated	18,238,570	(6,700)	2,470,304	9,221,570	11,480,604
Capital assets, being depreciated:					
Buildings and improvements	115,905,992	5,879,210	20,099,296	-	141,884,498
Improvements other than buildings	7,999,144	-	1,824,374	-	9,823,518
Machinery and equipment	32,639,473	-	5,103,967	-	37,743,440
Roads being depreciated	-	116,686,163	620,108	-	117,306,271
Totals	156,544,609	122,565,373	27,647,745	-	306,757,727
Less accumulated depreciation for:					
Buildings and improvements	25,288,455	52,420	2,719,229	-	28,060,104
Improvements other than buildings	4,380,598	(321)	462,140	-	4,842,417
Machinery and equipment	22,148,276	103,561	3,175,964	-	25,427,801
Roads being depreciated	-	63,947,003	1,266,318	-	65,213,321
Totals	51,817,329	64,102,663	7,623,651	-	123,543,643
Total capital assets, being depreciated, net	104,727,280	58,462,710	20,024,094	-	183,214,084
Total governmental activity capital assets, net	<u>\$ 122,965,850</u>	<u>\$ 58,456,010</u>	<u>\$ 22,494,398</u>	<u>\$ 9,221,570</u>	<u>\$ 194,694,688</u>

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Prior Period Adjustments</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 453,203	\$ 1	\$ -	\$ -	\$ 453,204
Construction in progress	<u>12,923,192</u>	<u>-</u>	<u>16,647,183</u>	<u>16,468,592</u>	<u>13,101,783</u>
Total capital assets, not being depreciated	<u>13,376,395</u>	<u>1</u>	<u>16,647,183</u>	<u>16,468,592</u>	<u>13,554,987</u>
Capital assets, being depreciated:					
Buildings and improvements	85,766,093	157,984	4,866,721	37,611	90,753,187
Transmission and lines	177,400,800	(2,000)	3,440,980	71,261	180,768,519
Machinery and equipment	<u>41,493,970</u>	<u>(79,214)</u>	<u>8,809,407</u>	<u>6,105,380</u>	<u>44,118,783</u>
Totals	<u>304,660,863</u>	<u>76,770</u>	<u>17,117,108</u>	<u>6,214,252</u>	<u>315,640,489</u>
Less accumulated depreciation for:					
Buildings and improvements	62,731,959	338	1,407,309	15,891	64,123,715
Transmission and lines	84,532,611	2	2,864,944	67,748	87,329,809
Machinery and equipment	<u>30,248,602</u>	<u>1,881</u>	<u>1,398,506</u>	<u>5,860,913</u>	<u>25,788,076</u>
Totals	<u>177,513,172</u>	<u>2,221</u>	<u>5,670,759</u>	<u>5,944,552</u>	<u>177,241,600</u>
Total capital assets, being depreciated, net	<u>127,147,691</u>	<u>74,549</u>	<u>11,446,349</u>	<u>269,700</u>	<u>138,398,889</u>
Total business-type activity capital assets, net	<u>\$ 140,524,086</u>	<u>\$ 74,550</u>	<u>\$ 28,093,532</u>	<u>\$ 16,738,292</u>	<u>\$ 151,953,876</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 2,585,856
Public safety	2,601,923
Public works, including depreciation of general infrastructure assets	1,322,706
Health and sanitation	45,866
Culture and recreation	1,033,403
Community development	<u>33,897</u>
Total depreciation expense - governmental activities	<u>\$ 7,623,651</u>
Business-type activities:	
Sanitary District	<u>\$ 5,670,759</u>

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2003	Committed	Required Future Funding
Governmental activities:				
Infrastructure, Districts 1-6	<u>\$ 2,449,115</u>	<u>\$ 1,502,045</u>	<u>\$ 947,070</u>	<u>\$ -</u>
Business-type activity:				
WWTP electrical upgrade	\$ 7,500,050	\$ 7,353,505	\$ 146,545	\$ -
27th and Chase St. upgrade	7,438,937	2,436,388	5,002,549	-
Central area interceptor	973,133	84,627	888,506	-
Sludge thickening	634,000	156,312	477,688	-
28 Clarifier drives	728,829	728,829	-	-
WWTP clarifiers and improvements	682,947	183,512	499,435	-
Large diameter sewer cleaning	6,134,684	1,220,661	4,914,023	-
South Grant Street drain	825,000	715,000	110,000	-
Hope VI Duneland drain project	<u>800,000</u>	<u>222,949</u>	<u>577,051</u>	<u>-</u>
Total business-type activity	<u>\$ 25,717,580</u>	<u>\$ 13,101,783</u>	<u>\$ 12,615,797</u>	<u>\$ -</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2003, is as follows:

Due From	Due To					Total
	General Fund	Gaming Revenues	Nonmajor Governmental	Internal Service	Fiduciary Funds	
General fund	\$ -	\$ -	\$ 632,205	\$ -	\$ -	\$ 632,205
Gaming revenues	6,715,941	-	-	-	-	6,715,941
Nonmajor governmental	300,000	-	-	-	-	300,000
Business-type fund	8,000,000	1,000,000	200,000	-	-	9,200,000
Fiduciary funds	<u>6,800,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>1,000,000</u>	<u>8,200,000</u>
Totals	<u>\$ 21,815,941</u>	<u>\$ 1,000,000</u>	<u>\$ 832,205</u>	<u>\$ 400,000</u>	<u>\$ 1,000,000</u>	<u>\$ 25,048,146</u>

Interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) Interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Interfund Receivable and Payables – Cash Overdrafts

The composition of interfund balances for cash overdrafts as December 31, 2003, is as follows:

Due From	Due To		
	Nonmajor Governmental	Internal Service	Total
General fund	\$ 108,927	\$ -	\$ 108,927
Gaming revenues	895,620	223,196	1,118,816
Nonmajor governmental	629,948	-	629,948
Totals	<u>\$ 1,634,495</u>	<u>\$ 223,196</u>	<u>\$ 1,857,691</u>

3. Interfund Transfers

Interfund transfers at December 31, 2003, were as follows:

Transfer To	Transfer From				
	General Fund	Gaming Revenues	Redevelopment Bond	Nonmajor Governmental	Total
General fund	\$ -	\$ -	\$ -	\$ 277,000	\$ 277,000
Gaming revenues	-	-	19,848,013	10,680,123	30,528,136
Redevelopment bond	3,883,788	2,209,805	-	1	6,093,594
Nonmajor governmental	-	-	1,663,000	108,000	1,771,000
Business-type	182,608	600,000	-	1,015,000	1,797,608
Totals	<u>\$ 4,066,396</u>	<u>\$ 2,809,805</u>	<u>\$ 21,511,013</u>	<u>\$ 12,080,124</u>	<u>\$ 40,467,338</u>

The government typically uses transfers to fund ongoing operating and capital subsidies and to transfer the portion of state-shared revenues from the Gaming Revenues Fund to a debt service fund for current-year debt service requirements. Additionally, due to the problems encountered with reassessment as discussed in Note V D, the City did not receive all property tax distributions and additional operating transfers were necessary.

4. Interfund Receivable and Payables – Government-Wide Statement

The composition of interfund balances as of December 31, 2003, on the government-wide statement, is as follows:

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Due From	Due To			
	General Fund	Internal Service	Fiduciary Funds	Total
General fund	\$ -	\$ -	\$ 1,299,662	\$ 1,299,662
Gaming revenues	-	-	300,000	300,000
Fiduciary funds	<u>6,800,000</u>	<u>400,000</u>	<u>-</u>	<u>7,200,000</u>
Totals	<u>\$ 6,800,000</u>	<u>\$ 400,000</u>	<u>\$ 1,599,662</u>	<u>\$ 8,799,662</u>

These receivables and payables can not be eliminated on the government-wide statement as they are composed of activity between the governmental funds and non-governmental funds that are not presented on the government-wide statements.

F. Leases

1. Operating Leases

The government has entered into an operating lease having initial or remaining noncancelable terms exceeding one year for office space. Rental expenditures for this lease were \$158,059. The following is a schedule by years of future minimum rental payments as of December 31, 2003:

2004	<u>\$ 172,499</u>
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The business-type activity has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for office space and office equipment. Rental expenditures for these leases were \$21,000 and \$13,709, respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2003:

2004	\$ 45,667
2005	45,667
2006	36,917
2007	4,224
2008	<u>4,996</u>
Total	<u>\$ 137,471</u>

2. Capital Leases

The government has entered into various capital leases for machinery and equipment, for an original issue amount of \$5,649,017. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2003, are as follows:

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2004	\$ 1,941,483
2005	1,941,483
2006	1,045,862
2007	<u>150,242</u>
Total minimum lease payments	5,079,070
Less amount representing interest	<u>243,989</u>
Present value of net minimum lease payments	<u>\$ 4,835,081</u>

Assets acquired through capital leases still in effect are as follows:

	<u>Governmental Activities</u>
Machinery and equipment	\$ 5,649,017
Less accumulated depreciation	<u>711,321</u>
Total	<u>\$ 4,937,696</u>

G. Short-Term Liabilities

Tax Anticipation Notes

The government issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund, and nonmajor funds, Genesis Convention Center II and the Park and Recreation fund. These notes are necessary due to the delay in property tax reassessments, see Note V D for additional information.

Short-term debt activity for the year ended December 31, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Tax anticipation notes	<u>\$ -</u>	<u>\$ 53,683,935</u>	<u>\$ 35,618,539</u>	<u>\$ 18,065,396</u>

H. Long-Term Liabilities

1. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the primary government. General obligation bonds currently outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Business-type activities:		
2003 Refunding general obligation bonds - Gary Sanitary District improvement projects (original issuance in the amount of \$11,910,000)	2% to 5%	\$ 11,910,000

Unamortized Amounts of Bonds

General Obligation bonds at year end include the following amounts of unamortized bond premium:

	Balance at December 31	Add: Unamortized Premium	General Obligation Bonds
2003 general obligation bonds	\$ 11,910,000	\$ 321,463	\$ 12,231,463

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2004	\$ 1,200,000	\$ 429,175
2005	1,055,000	403,988
2006	1,075,000	374,675
2007	1,105,000	339,212
2008	1,140,000	297,075
2009-2013	6,335,000	756,813
Totals	\$ 11,910,000	\$ 2,600,938

On July 1, 2003, the 1993 General Obligation Bonds were called and currently refunded with the proceeds of the 2003 General Obligation Bonds. See note IV H 5 for more information on the refunding.

2. Revenue Bonds

The government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Purpose	Original Amount Issued	Interest Rates	Outstanding Amount
Governmental activities:			
2001 A redevelopment bonds - public safety facility and lakefront development	\$ 23,000,000	Variable*	\$ 7,160,000
2001 B redevelopment bonds - baseball stadium	8,000,000	Variable*	2,500,000
2002 Redevelopment bonds - baseball stadium	22,000,000	Variable*	13,540,000
Gary Building Corporation - Sears building renovation	<u>7,025,000</u>	7.2% to 8.25%	<u>4,615,000</u>
Totals	<u>\$ 60,025,000</u>		<u>\$ 27,815,000</u>

\*Variable interest rate is computed weekly, as determined by the remarketing agent (taking into consideration prevailing financial market conditions). The interest rate can not exceed a maximum of 12%.

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest*
2004	\$ 14,960,000	\$ 529,665
2005	9,135,000	333,580
2006	500,000	236,221
2007	545,000	193,940
2008	590,000	148,153
2009-2013	<u>2,085,000</u>	<u>143,061</u>
Totals	<u>\$ 27,815,000</u>	<u>\$ 1,584,620</u>

\*The interest shown includes estimated interest for the variable rate revenue bonds using the interest rate in effect as of December 31, 2003.

### 3. Loans Payable

The government has entered into a variable rate section 108 loan with the U.S. Department of Housing and Urban Development (HUD), original issuance of \$2,820,000. The interest is computed quarterly using the three month LIBOR plus twenty basis points. Annual debt service requirements to maturity for the loan, including interest of \$5,600 is as follows:

2004	<u>\$ 405,600</u>
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CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
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The government's business-type activity has also entered into two state revolving fund loans. The first loan initiated in 1993, was authorized for \$15,080,000 and \$12,021,227 was drawn for wastewater improvements. The second loan, initiated in 2001, authorized \$25,000,000. \$9,857,816 has been drawn to date (\$15,142,184 has not been drawn), the interest rate on the second loan is not stated until all funds have been drawn. Tentative annual debt service requirements to maturity for the loans, (based upon all funds authorized being borrowed on the second issue with a zero rate of interest) including interest of \$1,965,221 are as follows:

Year Ended December 31	Principal	Interest
2004	\$ 1,734,000	\$ 353,869
2005	1,795,000	322,489
2006	1,857,000	289,849
2007	1,915,000	255,909
2008	1,979,227	220,625
2009-2013	10,971,000	522,480
2014-2018	6,805,000	-
2019-2023	<u>6,190,000</u>	<u>-</u>
Totals	<u>\$ 33,246,227</u>	<u>\$ 1,965,221</u>

4. Landfill Closure and Post-Closure Care Costs

The government is required by state and federal laws and regulations to make contributions to a trust to finance closure and post-closure care. The \$1,713,671 reported as landfill closure and post-closure care liability at December 31, 2003, represents the cumulative amount reported to date based on the use of all the estimated capacity of the landfill. See Note V J for additional information.

5. Advance Refunding

On May 22, 2003, the Sanitary District issued \$11,910,000 in refunding special taxing district general obligation bonds with an average interest rate of 3.5% to currently refund \$11,430,000 of outstanding 1993 series bonds with an average interest rate of 6%. The net proceeds of \$11,442,775 (after payment of \$467,225 in issuance costs) and local contributions of \$185,531 were used to pay the called 1993 series bonds on July 1, 2003. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. The current refunding resulted in the accounting loss of \$775,066, which has been recognized on the Statement of Net Assets as Deferral of Loss on Refunding. This amount will be amortized using the straight-line method and charged to interest expense over the next ten years. The District in effect lowered its aggregate debt service payment by \$1,035,416 over the next ten years and realized an economic gain (difference between the present values of the old and new debt service payments) of \$842,490.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2003, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 1,659,979	\$ 799,935	\$ -	\$ 2,459,914	\$ -
Revenue bonds	42,745,000	-	14,930,000	27,815,000	14,960,000
Loans payable	775,000	-	375,000	400,000	400,000
Capital leases	-	5,649,017	813,936	4,835,081	1,801,423
Estimated claims and judgments	450,000	-	-	450,000	-
Landfill closure and post- closure care costs	1,713,671	-	-	1,713,671	-
Net pension obligation	<u>43,475,930</u>	<u>7,108,448</u>	<u>-</u>	<u>50,584,378</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 90,819,580</u>	<u>\$ 13,557,400</u>	<u>\$ 16,118,936</u>	<u>\$ 88,258,044</u>	<u>\$ 17,161,423</u>
Business-type activities:					
General obligation bonds	\$ 12,265,000	\$ 11,910,000	\$ 12,265,000	\$ 11,910,000	\$ 1,200,000
Loans payable	<u>18,701,130</u>	<u>1,526,913</u>	<u>2,124,000</u>	<u>18,104,043</u>	<u>1,734,000</u>
Total business-type activities long-term liabilities	<u>\$ 30,966,130</u>	<u>\$ 13,436,913</u>	<u>\$ 14,389,000</u>	<u>\$ 30,014,043</u>	<u>\$ 2,934,000</u>

Compensated absences for governmental activities typically have been liquidated from the general fund. Claims and judgments typically have been liquidated from the general fund.

I. Restricted Assets

The balances of restricted asset accounts in the enterprise fund are as follows:

	<u>Business-Type Activities</u>
Debt service	\$ 5,116,923
Capital projects/improvements	6,439,599
Employee worker compensation claims	<u>100</u>
Total restricted assets	<u>\$ 11,556,622</u>

J. Reclassifications and Restatements

For the year ended December 31, 2003, certain changes have been made to the financial statements to more appropriately reflect financial activity of the government. The following schedule presents a summary of restated beginning balances by fund type. Fund elimination for the governmental funds

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

represents the deletion of the Economic Development Trust fund, which was determined to be a not for profit entity, separate from the City. As of January 1, 2003, the Gary Sanitary District was reclassified as a department of the City of Gary, rather than a discretely presented component unit. The operations of the Sanitary District will all be classified as business-type activity.

Fund Type	Balance as Reported December 31, 2002	Fund Elimination	Fund Reclassification	Balance as Restated January 1, 2003
Primary government:				
Governmental funds	\$ 39,357,415	\$ (1,367,433)	\$ -	\$ 37,989,982
Component unit net assets	166,183,339	-	(166,183,339)	-
Business-type activity	-	-	166,183,339	166,183,339

Prior period adjustments for the government-wide statements for governmental activities and the business-type activity represent addition of infrastructure and capital asset items from prior periods that were not previously reported.

Fund Type	Balance as Reported December 31, 2002	Fund Eliminated	Prior Period Adjustments	Balance as Restated January 1, 2003
Government-wide:				
Net assets - governmental activities	\$ 73,073,903	\$ (1,367,433)	\$ 58,456,010	\$ 130,162,480
Net assets - business-type activity	166,183,339	-	74,550	166,257,889

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Group Health Insurance

The government has chosen to establish a risk financing fund for risks associated with employee health claims. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$125,000 and \$1,000,000 in the aggregate per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. A premium is charged to each fund that accounts for employee payroll, based upon the percentage of each fund's current year payroll as it relates to total payroll. These premiums are reported as quasi-external inter-fund transactions. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid claims, beginning of fiscal year	\$ 1,174,048	\$ 1,423,269
Incurred claims and changes in estimates	6,675,361	4,641,090
Claim payments	<u>6,165,773</u>	<u>4,890,311</u>
Unpaid claims, end of fiscal year	<u>\$ 1,683,636</u>	<u>\$ 1,174,048</u>

Worker's Compensation and Unemployment Insurance

The government has chosen to establish a risk financing fund for risks associated with employee workmen's compensation and unemployment. The risk financing fund is accounted for in the Unemployment/Workmen's Compensation Fund, an internal service fund, where assets are set aside for claim settlements. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. A premium is charged to each fund that accounts for employee payroll, based upon the percentage of each fund's current year payroll as it relates to total payroll. These premiums are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Changes in the balance of claim liabilities during the past two years are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid claims, beginning of fiscal year	\$ 68,596	\$ 98,149
Incurred claims and changes in estimates	829,472	842,084
Claim payments	<u>747,041</u>	<u>871,637</u>
Unpaid claims, end of fiscal year	<u>\$ 151,027</u>	<u>\$ 68,596</u>

Vehicle and Liability Insurance

The government pays for all vehicle and liability claims from the General Fund and the Gaming Revenues Fund. Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Changes in the balance of claim liabilities, for the General Fund, during the past two years are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid claims, beginning of fiscal year	\$ 517,604	\$ 213,788
Incurred claims and changes in estimates	866,217	1,142,389
Claim payments	<u>1,006,150</u>	<u>838,573</u>
Unpaid claims, end of fiscal year	<u>\$ 377,671</u>	<u>\$ 517,604</u>

Changes in the balance of claim liabilities, for the Gaming Revenues Fund, during the past two years are as follows:

	<u>2003</u>	<u>2002</u>
Unpaid claims, beginning of fiscal year	\$ -	\$ -
Incurred claims and changes in estimates	-	1,182,027
Claim payments	<u>-</u>	<u>1,182,027</u>
Unpaid claims, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>

B. Related Party

During the period in which the financial statements are presented, the government had material transactions with Mr. Otho Lyles, president of the Board of Sanitary Commissioners (GSD), a department of the City. Mr. Lyles is an owner in the North Lake Excavating and Demolition Company and the North Lake Construction, LLC. In 2003, the City paid these companies \$154,920 and \$153,595, respectively, for demolition and construction of various projects. As of the balance sheet date, the amount of \$15,000 was due to each company. On July 12, 2004, Mr. Lyles resigned his position.

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NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Holding Corporation

The government has entered into a capital lease with the Gary Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the government. As discussed in Note I. A., the lessor has been determined to be a blended component unit of the government.

The Sears building facility under the lease is included in the capital assets of the government. Lease payments during the year totaled \$736,500. Since the lease agreement is a funding mechanism for the revenue bonds, and since the Gary Building Corporation is a blended component unit of the government, only the debt of the revenue bonds is reported, so as to not duplicate the debt.

D. Subsequent Events

Refunding Bonds

On November 18, 2003, the Common Council established a Redevelopment Authority, pursuant to Indiana Code 36-7-14.5 as a separate body, to finance local public improvements for lease to the Redevelopment Commission, a department of the City. On June 16, 2004, the Redevelopment Authority authorized the issuance of the Redevelopment Authority Lease Rental Bonds, Series 2004 A for nine million dollars (\$9,000,000) and Taxable Series 2004 B for seventeen million dollars (\$17,000,000) for the Steelyard Baseball Stadium and Public Safety Facility Refunding Project. These bonds will refund the 2001 A, 2001 B and 2002 Redevelopment Revenue Bonds discussed in Note IV H 2. In exchange for the Redevelopment Authority refunding the City's revenue bonds, the Authority will acquire the Public Safety Facility and the Steelyard Baseball Stadium for \$10. The Authority will subsequently lease these facilities to the City pursuant to a lease dated November 1, 2003. Per the lease agreement, the first semi-annual lease payment will be \$2,870,425, due July 15, 2004.

Economic Development Revenue Bonds, Series 2004 A & B

The City Council authorized the issuance of the Economic Redevelopment Revenue Bonds, Series 2004 A & B for six million three hundred thousand dollars (\$6,300,000) and five million five hundred thousand dollars (\$5,500,000), respectively. The bond proceeds will be utilized for the acquisition, development, construction, and equipping of a commercial development project which provides for the development of an approximately 55,000 square foot grocery store which will foster further development in the area (the Project). The principal and interest of the Series A bonds shall be payable solely from Project revenues. The principal and interest of the Series B bonds shall be payable solely from tax increment revenues resulting from the increase in the assessed value of real property in the area (TIF revenues). The project will be located within the Gary/East Chicago Empowerment Zone.

Property Taxes

Property tax rates and levies were not established by February 15, 2003, as required by statute, due to the delay in the completion of the reassessment of Lake County. Based on state legislation passed in May 2003, the County sent taxpayers estimated bills for 2003. These were for 70% of their prior year's tax bill. After the completion of the reassessment, a final tax bill for 2002 payable 2003 was sent to the taxpayers in June 2004. This resulted in reduced tax revenues for the government in 2003. The Council approved an extension to the repayment of the temporary interfund loan to the

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

General fund from the Sanitary District for \$10,000,000 until the City receives its final 2003 tax levy payment. On May 18, 2004, the Council declared an emergency still exists and the Council approved the extension to repay the tax anticipation warrants outstanding at December 31, 2003, until tax settlement is made.

In addition, property tax rates and levies were not established by February 15, 2004, as required by statute for the 2003 taxes payable 2004. These tax bills have not been calculated as of August 2004. Consequently, the City Council on May 18, 2004, approved temporary inter-fund loans from the Police Pension fund and the Fire Pension fund in the amounts of \$2,750,000 each. These funds will be loaned to the General fund, the Park fund, and the Genesis Center fund to meet the general operating expenses of the City.

Reduction in Staff

On June 1, 2004, the City terminated 180 employees and three departments in an effort to reduce expenditures and budgetary concerns. These cuts along with reduction in cell phone usage, travel, city provided gasoline, and take home cars will reduce the 2004 expenditures by approximately \$5,400,000. These cuts were necessary due to the continued delay in property tax collections.

Potential Loss on Loan Receivable

In June of 2004, the Empowerment Zone filed suit against the personal guarantors of an Empowerment Zone revolving loan receivable that has become delinquent. The debtor company has filed bankruptcy and the Empowerment Zone is pursuing collection from the personal guarantors. The Empowerment Zone could experience a potential loss of \$500,000. See note V G for additional information on revolving loan receivables.

E. Contingent Liabilities

The government has been named in several lawsuits. The corporation counsel estimates that the City's potential loss on all claims, which can be estimated, should not exceed \$450,000. These are recorded as estimated claims and judgments payable.

F. Conduit Debt Obligation

From time to time, the government has issued Special Facility Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither, the government, the State, nor any political subdivision thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2003, there were four series of Special Facility Revenue Bonds outstanding with an aggregate principal amount payable of \$36,535,000.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
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G. Loans Receivable – Indiana Department of Commerce

The City of Gary Redevelopment Department loans money to local businesses and individuals. The funding for these loans comes from grants from the U.S. Department of Housing and Urban Development. The loans are accounted for in the Community Development Block Grant Fund, the Empowerment Zone Revolving Loan Fund, and the Empowerment Zone Micro Loan Fund. At December 31, 2003, outstanding loans were as follows:

Fund	Amount
Community development block grant fund	\$ 13,750
Empowerment Zone revolving loan fund	3,689,139
Empowerment Zone micro loan fund	<u>137,264</u>
Total loans receivable	<u>\$ 3,840,153</u>

H. Postemployment Benefits

In addition to the pension benefits described below, the government provides postemployment health benefits, as authorized by IC 5-10-8, to all employees who retire from the government on or after attaining age fifty-five with at least thirty years of service. Currently, seventy-five retirees meet these eligibility requirements. The government and retirees provide 75% and 25%, respectively, of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2003, expenditures of \$157,175 were recognized for postemployment benefits.

I. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.



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PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the government and the business-type activity is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the government and is presented in the governmental activities of the financial statements and is not presented as a liability of the proprietary funds.

b. 1925 Police Officers' Pension Plan

Plan Description

The government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. Administrative costs of the plan are included in the annual operating budget of the fund. The Net Pension Obligation (NPO) is considered an obligation of the City as a whole and is reflected in the Statement of Net Assets. The government's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the government results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

c. 1937 Firefighters' Pension Plan

Plan Description

The government contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. Administrative costs of the plan are included in the annual operating budget of the fund. The Net Pension Obligation (NPO) is considered an obligation of the City as a whole and is reflected in the Statement of Net Assets. The government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 1,090,047	\$ 8,699,000	\$ 8,218,500
Interest on net pension obligation	23,882	1,530,000	1,382,400
Adjustment to annual required contribution	<u>(27,216)</u>	<u>(2,450,500)</u>	<u>(2,214,000)</u>
Annual pension cost	1,086,713	7,778,500	7,386,900
Contributions made	<u>418,242</u>	<u>4,401,639</u>	<u>4,323,784</u>
Increase in net pension obligation	668,471	3,376,861	3,063,116
Net pension obligation, beginning of year	<u>329,413</u>	<u>22,666,968</u>	<u>20,479,549</u>
Net pension obligation, end of year	<u><u>\$ 997,884</u></u>	<u><u>\$ 26,043,829</u></u>	<u><u>\$ 23,542,665</u></u>

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
Government	2%	416%	431%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-03	01-01-03	01-01-03
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-01	\$ 467,706	71%	\$ 330,402
	06-30-02	368,479	100%	329,413
	06-30-03	1,086,713	38%	997,884
1925 Police officers' pension plan	12-31-00	7,768,600	42%	19,822,624
	12-31-01	7,934,700	64%	22,666,968
	12-31-02	7,778,500	57%	26,043,829
1937 Firefighters' pension plan	12-31-00	7,398,600	45%	18,030,650
	12-31-01	7,539,000	68%	20,479,549
	12-31-02	7,386,900	59%	23,542,665

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2003, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retires and beneficiaries currently receiving benefits	246	257
Current active employees	44	40

Financial Statements for Pension Plans as Presented in the City's Financial Statements:

The City includes financial statement activity of the police and fire pension plans as follows:

<u>Assets</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Cash and cash equivalents	\$ 317,919	\$ 274,296
Receivables:		
Accounts receivable	3,800,000	3,400,000
Interfund receivable	1,000,000	-
Total receivables	4,800,000	3,400,000
Total assets	5,117,919	3,674,296
<u>Liabilities</u>		
Accounts payable	729,862	1,012,236
Interfund payable	-	1,000,000
Total liabilities	729,862	2,012,236
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits	4,388,057	1,662,060
Total net assets	\$ 4,388,057	\$ 1,662,060

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
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<u>Additions</u>	<u>Police Pension</u>	<u>Fire Pension</u>
Contributions:		
Employer contributions	\$ 4,998,760	\$ 3,009,863
Plan members	<u>171,418</u>	<u>128,564</u>
Total contributions	<u>5,170,178</u>	<u>3,138,427</u>
Investment income:		
Interest	<u>15,465</u>	<u>15,465</u>
Total additions	<u>5,185,643</u>	<u>3,153,892</u>
<u>Deductions</u>		
Benefits	4,820,949	4,764,341
Administrative expense	<u>222</u>	<u>526</u>
Total deductions	<u>4,821,171</u>	<u>4,764,867</u>
Changes in net assets	364,472	(1,610,975)
Net assets - beginning	<u>4,023,585</u>	<u>3,273,035</u>
Net assets - ending	<u>\$ 4,388,057</u>	<u>\$ 1,662,060</u>

2. Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing, multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age fifty-five with twenty years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age fifty-five. The plan also provides for death and disability benefits.

CITY OF GARY, INDIANA  
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PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the government are established by the Board of Trustees of PERF. The government's contributions to the plan for the years ending December 31, 2003, 2002, and 2001, were \$4,777,886, \$4,390,851, and \$3,121,313, respectively, equal to the required contributions for each year.

J. Municipal Solid Waste Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the government to place a final cover on its municipal landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the government reports a portion of these closure and post-closure care costs as an operating expenditure in each period based on landfill capacity used as of each balance sheet date. The \$1,713,671 reported as landfill closure and post-closure care liability at December 31, 2003, represents the cumulative amount reported to date based on the use of all of the estimated capacity of the landfill. The government has recognized all the estimated costs of closure and post-closure care since the landfill capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2003. The government closed the landfill on May 1, 1997. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The government is required by state and federal laws and regulations to make contributions to a trust to finance closure and post-closure care, to obtain a line of credit, obtain a bond in an amount sufficient to finance the estimated closure and post-closure care costs, obtain insurance, or fulfill the financial requirements set forth in 329 IAC 2-12. The government has chosen to make contributions to a trust. At December 31, 2003, investments of \$1,511,603 (\$1,511,603 market value) are held for these purposes. These are reported as restricted assets on the balance sheet. The government expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by future tax revenue.

CITY OF GARY, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

K. Environmental Protection Agency Consent Decree

The United States District Court issued a Consent Decree initiated by the Environmental Protection Agency in 2002, whereby the Gary Sanitary District (a business-type activity) was required to accumulate funds for the Grand Calumet Sedimentation Fund. A limit will be placed on the costs the Sanitary District will have to incur for the study and remediation of river sediments. This limit was set at \$2,500,000. In addition a special administrator will be required to certify on January 31 of each year, whether or not the Sanitary District is complying with the terms of the Decree. As of December 31, 2003, the balance restricted for this purpose is \$2,959,646.

L. Privatized Operations

On April 10, 1998, the Sanitary District entered into an agreement with White River Environmental Partnership (WREP) for the operation, maintenance, and management of the Sanitary District's wastewater treatment and collection system, with an effective date of July 1, 1998. As part of the agreement, WREP agreed to pay the Sanitary District \$10,000,000 as an up front payment of savings to the Sanitary District resulting from this ten year contract. In accordance with the agreement, the Sanitary District pays WREP a base amount per year of \$9,500,000, which is adjusted annually for changes in the Consumer Price Index. Contractual services for 2003 were \$10,489,194. If the Sanitary District cancels the contract prior to its expiration, the Sanitary District would be liable for an early termination fee in an amount ranging from a high of \$9,000,000 to a low of \$1,000,000 if cancelled in the final year of the contract. The Sanitary District does not anticipate terminating the contract prior to its expiration in 2007.

In addition, in accordance with this agreement, the District, through a donation from WREP, has contributed \$150,000 to allow for a small business loan program. The WREP has contributed an additional \$150,000 as a loan guarantee. The loan program will be administered by the City of Gary Economic Development Corporation. Currently, no loans have been made.

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-01	\$ 24,934,188	\$ 19,970,638	\$ 4,963,550	125%	\$ 18,367,249	27%
07-01-02	23,263,355	23,166,739	96,616	100%	20,901,510	0%
07-01-03	22,872,649	21,241,797	1,630,852	108%	21,125,957	8%

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-97	\$ 3,507,364	\$ 85,675,898	\$ (82,168,534)	4%	\$ 1,867,304	(4,400%)
01-01-98	3,854,322	91,180,579	(87,326,257)	4%	1,922,368	(4,543%)
01-01-99	2,637,842	78,840,700	(76,202,858)	3%	1,887,200	(4,038%)
01-01-00	4,376,372	80,789,800	(76,413,428)	5%	1,828,200	(4,180%)
01-01-01	3,680,204	82,245,900	(78,565,696)	4%	1,706,000	(4,605%)
01-01-02	5,614,371	79,847,000	(74,232,629)	7%	1,662,500	(4,465%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-97	\$ 3,161,225	\$ 81,675,870	\$ (78,514,645)	4%	\$ 1,922,224	(4,085%)
01-01-98	3,515,930	87,018,813	(83,502,883)	4%	1,892,331	(4,413%)
01-01-99	2,112,993	76,777,000	(74,664,007)	3%	1,824,400	(4,093%)
01-01-00	3,796,243	76,898,800	(73,102,557)	5%	1,695,200	(4,312%)
01-01-01	2,994,863	77,733,900	(74,739,037)	4%	1,740,800	(4,293%)
01-01-02	5,614,371	75,448,900	(69,834,529)	7%	1,590,200	(4,392%)

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.



CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CONTRIBUTIONS FROM THE  
EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
		City	State	
12-31-96	\$ 6,514,300	35%	39%	
12-31-97	8,119,800	19%	29%	
12-31-98	8,826,000	0%	29%	
12-31-99	7,883,700	24%	29%	
12-31-00	8,276,900	12%	27%	
12-31-01	8,659,400	0%	59%	
1937 Firefighters' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
		City	State	
12-31-96	\$ 6,266,900	37%	40%	
12-31-97	7,760,400	21%	30%	
12-31-98	8,416,400	0%	30%	
12-31-99	7,662,700	26%	31%	
12-31-00	7,861,800	13%	29%	
12-31-01	8,198,100	0%	62%	

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND  
For The Year Ended December 31, 2003

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 61,751,513	\$ 61,751,513	\$ 38,647,167	\$ (23,104,346)
Licenses and permits	538,326	538,326	652,261	113,935
Intergovernmental	2,337,606	2,337,606	1,991,437	(346,169)
Charges for services	502,595	502,595	798,526	295,931
Fines and forfeits	401,663	401,663	354,317	(47,346)
Other	3,166,149	3,166,149	7,245,801	4,079,652
Total revenues	<u>68,697,852</u>	<u>68,697,852</u>	<u>49,689,509</u>	<u>(19,008,343)</u>
Expenditures:				
Current:				
General government:				
Mayor				
Personal services	485,772	458,379	457,147	1,232
Capital outlay	729,160	755,701	735,447	20,254
Common Council				
Personal services	605,278	605,278	586,709	18,569
Supplies	63,196	42,402	31,392	11,010
Other services and charges	781,766	730,795	461,686	269,109
Capital outlay	2,728	1,241	-	1,241
City Court				
Personal services	1,540,259	1,540,259	1,457,716	82,543
Supplies	74,069	72,524	55,612	16,912
Other services and charges	241,397	233,397	138,705	94,692
Capital outlay	19,000	9,597	15,814	(6,217)
City Clerk				
Personal services	1,361,734	1,224,545	997,325	227,220
Supplies	95,870	(17,259)	17,202	(34,461)
Other services and charges	408,832	176,515	161,022	15,493
Capital outlay	37,642	131,515	61,343	70,172
Law				
Personal services	556,644	563,308	562,422	886
Other services and charges	1,184,667	1,811,274	1,791,960	19,314
Management Information Systems				
Personal services	191,329	191,088	188,136	2,952
Supplies	114,697	111,724	42,026	69,698
Other services and charges	438,674	362,532	349,471	13,061
Code Enforcement				
Personal services	233,582	213,090	206,398	6,692
Supplies	300	300	-	300
Other services and charges	10,229	10,070	4,301	5,769
Public Works				
Personal services	1,218,314	1,226,829	1,238,711	(11,882)
Supplies	606,526	606,162	643,280	(37,118)
Other services and charges	1,386,526	1,555,919	1,268,745	287,174

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.

Continued on next page

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND  
For The Year Ended December 31, 2003  
(Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures (continued):				
Current (continued):				
General government (continued):				
City Hall Maintenance				
Personal services	164,372	163,252	161,175	2,077
Supplies	14,791	8,465	6,494	1,971
Other services and charges	109,900	89,862	73,022	16,840
Building				
Personal services	390,154	379,204	368,152	11,052
Supplies	-	(255)	-	(255)
Other services and charges	51,494	20,098	15,527	4,571
Capital outlay	-	(361)	-	(361)
Development Council				
Personal services	-	-	824	(824)
Human Relations				
Personal services	132,060	130,808	130,903	(95)
Other services and charges	32,167	22,634	17,687	4,947
Human Resources				
Personal services	307,231	305,066	293,356	11,710
Other services and charges	334,309	285,710	195,132	90,578
Labor Relations				
Personal services	8,575	4,068	2,807	1,261
General Services				
Personal services	2,119,085	1,947,064	1,878,110	68,954
Supplies	19,062	15,726	12,213	3,513
Other services and charges	177,870	158,829	138,748	20,081
Demolition				
Personal services	446,855	398,098	389,151	8,947
Supplies	20,000	17,110	2,110	15,000
Other services and charges	10,000	10,000	727	9,273
City Operations Division				
Personal services	242,943	185,081	178,418	6,663
Supplies	-	-	3,847	(3,847)
Other services and charges	54,365	24,181	-	24,181
Community Services				
Personal services	247,519	247,518	244,299	3,219
Other services and charges	425,625	422,310	272,440	149,870
Public Information				
Personal services	189,022	189,022	159,393	29,629
Supplies	-	-	951,220	(951,220)
Other services and charges	1,010,248	975,480	-	975,480
Controller and Department of Finance				
Personal services	903,766	903,766	885,968	17,798
Supplies	1,046,690	1,019,088	973,136	45,952
Other services and charges	3,239,238	4,751,208	5,708,037	(956,829)
Capital outlay	37,276	37,276	-	37,276

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.

Continued on next page

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND  
For The Year Ended December 31, 2003  
(Continued)

	General Fund			Variance
	Budgeted Amounts		Actual Budgetary Basis Amounts	With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
General government (continued):				
Miscellaneous/Insurance				
Personal services	4,350,000	6,850,000	4,116,820	2,733,180
Other services and charges	-	-	150,029	(150,029)
Total general government	28,472,808	32,177,493	28,802,315	3,375,178
Public safety:				
Police Commission				
Personal services	43,809	42,304	43,638	(1,334)
Supplies	-	(50,000)	-	(50,000)
Other services and charges	102,769	102,769	43,921	58,848
Police				
Personal services	12,859,663	17,156,844	16,687,074	469,770
Supplies	8,560	8,560	5,328	3,232
Other services and charges	180,159	180,019	163,507	16,512
Police Support Services				
Personal services	2,257,339	2,045,241	1,965,128	80,113
Supplies	26,500	1,107	1,107	-
Other services and charges	81,879	74,847	69,857	4,990
Fire Commission		-		
Personal services	45,985	43,273	43,887	(614)
Supplies	3,000	1,252	1,252	-
Other services and charges	87,500	37,500	21,187	16,313
Fire		-		
Personal services	14,008,582	18,508,582	17,903,208	605,374
Supplies	40,066	30,383	30,116	267
Other services and charges	122,405	103,493	94,651	8,842
Ambulance				
Personal services	2,610,008	2,613,354	2,842,435	(229,081)
Supplies	5	5	-	5
Other services and charges	650	290,885	4,654	286,231
Civil Defense				
Personal services	93,024	75,012	72,032	2,980
Other services and charges	5,280	-	-	-
Total public safety	32,577,183	41,265,431	39,992,982	1,272,449
Highways and streets:				
Engineering				
Personal services	-	-	6,778	(6,778)
Total highways and streets	-	-	6,778	(6,778)

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.

Continued on next page

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND  
For The Year Ended December 31, 2003  
(Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued):				
Current (continued):				
Health and welfare:				
Consumer Affairs				
Personal services	73,202	72,562	69,816	2,746
Other services and charges	6,000	-	-	-
Emergency Referral				
Personal services	64,162	61,659	59,041	2,618
Supplies	884	884	-	884
Status of Women				
Personal services	81,064	68,765	77,500	(8,735)
Other services and charges	17,423	12,173	-	12,173
Health				
Personal services	341,011	313,027	312,321	706
Supplies	96,668	96,668	74,712	21,956
Other services and charges	109,000	101,333	97,050	4,283
Health Inspections				
Personal services	257,941	252,551	245,500	7,051
Supplies	2,000	2,000	-	2,000
Other services and charges	5,000	5,000	4,205	795
Environmental Affairs				
Personal services	257,271	256,461	255,869	592
Other services and charges	229,534	151,479	97,215	54,264
Capital outlay	-	(467)	-	(467)
Youth Services				
Other services and charges	7,600	7,600	7,599	1
Total health and welfare	<u>1,548,760</u>	<u>1,401,695</u>	<u>1,300,828</u>	<u>100,867</u>
Urban redevelopment and housing:				
Planning and Development				
Personal services	366,598	285,083	280,410	4,673
Other services and charges	126,352	77,936	42,771	35,165
Capital outlay	12,287	11,273	3,986	7,287
Economic Development				
Personal services	314,613	275,557	275,184	373
Other services and charges	<u>171,474</u>	<u>133,204</u>	<u>108,793</u>	<u>24,411</u>
Total urban redevelopment and housing	<u>991,324</u>	<u>783,053</u>	<u>711,144</u>	<u>71,909</u>
Total expenditures	<u>63,590,075</u>	<u>75,627,673</u>	<u>70,814,047</u>	<u>4,813,626</u>

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.

Continued on next page

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULES  
GENERAL FUND  
For The Year Ended December 31, 2003  
(Continued)

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Operating transfers in	4,066,396	4,066,396	4,066,396	-
Operating transfers out	(277,000)	(277,000)	(277,000)	-
Tax anticipation warrant proceeds	49,396,026	49,396,026	49,396,026	-
Tax anticipation warrant repayments	(33,010,841)	(33,010,841)	(33,010,841)	-
Capital leases	549,017	549,017	549,017	-
Total other financing sources	20,723,598	20,723,598	20,723,598	-
Net change in fund balances	25,831,375	13,793,777	(400,940)	(14,194,717)
Fund balances - beginning	556,367	556,367	556,367	-
Fund balances - December 31	\$ 26,387,742	\$ 14,350,144	\$ 155,427	\$ (14,194,717)

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR SPECIAL REVENUE FUND  
For The Year Ended December 31, 2003

	Gaming Revenues Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 18,578,899	\$ 18,578,899
Other	16,614,218	16,614,218	14,066,488	(2,547,730)
Total revenues	16,614,218	16,614,218	32,645,387	16,031,169
Expenditures:				
Current:				
Public safety:				
Police vehicles				
Capital outlay	2,834,803	2,834,803	4,033,441	(1,198,638)
Total public safety	2,834,803	2,834,803	4,033,441	(1,198,638)
Health and welfare:				
Youth services bureau				
Other services and charges	359,075	319,533	924,501	(604,968)
Capital outlay	751,201	726,200	-	726,200
Total health and welfare	1,110,276	1,045,733	924,501	121,232
Urban redevelopment and housing:				
Casino demolition				
Other services and charges	4,008,720	3,363,652	5,279,228	(1,915,576)
Capital outlay	852,399	849,798	809,896	39,902
Community active program				
Other services and charges	1,000,000	999,827	467,979	531,848
Total urban redevelopment and housing	5,861,119	5,213,277	6,557,103	(1,343,826)
Total expenditures	9,806,198	9,093,813	11,515,045	(2,421,232)
Other financing sources (uses):				
Operating transfers in	2,809,805	2,809,805	2,809,805	-
Operating transfers out	(30,528,136)	(30,528,136)	(30,528,136)	-
Capital leases	5,100,000	5,100,000	5,100,000	-
Total other financing sources (uses)	(22,618,331)	(22,618,331)	(22,618,331)	-
Net change in fund balances	(15,810,311)	(15,097,926)	(1,487,989)	13,609,937
Fund balances - beginning	2,795,096	2,795,096	2,795,096	-
Fund balances - December 31	\$ (13,015,215)	\$ (12,302,830)	\$ 1,307,107	\$ 13,609,937

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.

CITY OF GARY, INDIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET/GAAP RECONCILIATION  
GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
For The Year Ended December 31, 2003

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	<u>General</u>	<u>Gaming Revenues Fund</u>
Net change in fund balances, budgetary basis	\$ (400,940)	\$ (1,487,989)
Adjustments:		
To adjust revenues for accruals	(69,929)	(3,860,691)
To adjust expenditures for accruals	<u>(30,414,246)</u>	<u>(1,388,214)</u>
Net change in fund balances, GAAP basis	<u>\$ (30,885,115)</u>	<u>\$ (6,736,894)</u>

The accompanying notes to the required supplementary information are an integral part of the required supplementary information.



CITY OF GARY, INDIANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2003

Note 1. Budgets and Budgetary Accounting

The government follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

A. After conferring with the Common Council President, the City Controller, and several department heads, the Mayor submits to the Common Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

B. Prior to adoption, the City advertises the budget and the Common Council holds public hearings to obtain taxpayer comments. The Common Council may reduce, but not increase the budget from the advertised amounts.

C. No later than September 20<sup>th</sup> of each year, the budget for the next year is approved by the Common Council through the passage of an ordinance.

D. Copies of the budget ordinance and advertisements for funds for which property taxes are levied or highway use taxes are received are sent to the Department of Local Government Finance for their review and approval. The budget becomes legally enacted after the City Controller receives approval from the Department of Local Government Finance. This approval is required by Indiana Statute and ad valorem property tax rates are to be set by February 15<sup>th</sup> of the year budgeted. The budget ordinance as approved by the Department of Local Government Finance becomes the City's expenditures budget. The City's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Department of Local Government Finance, upon appeal by the City.

E. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the General Fund, which is by object classification within each department. The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. Any revisions that alter the total appropriations for any fund or any department of the General Fund must be approved by the Common Council and, in some instances, by the Department of Local Government Finance.

F. Formal budgetary integration is required by State statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major Funds:

General Fund

Special Revenue Fund:

Gaming Revenues

Nonmajor Funds:

Special Revenue Funds:

Welfare to Work, Protective Services, EEOC Human Relations, Youth Services Bureau, HOME Program, Emergency Shelter Grant, Brownfield, Gleason Golf Course, Emergency Shelter, Ambulance Nonreverting, Empowerment Zone, Local Road and Street, Motor Vehicle Highway,

CITY OF GARY, INDIANA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2003  
(Continued)

Solid Waste Recycling Project, Environmental Management, Health and Human Services, HIV Substance Abuse Prevention, Park and Recreation, Community Development Block Grant, Redevelopment Operating, Fair Housing Project, Genesis Convention Center II, Media, Empowerment Zone Revolving Loan, Empowerment Zone Micro Loan

Capital Projects Funds:

Cumulative Capital Improvement, Cumulative Capital Development, Casino Capital

G. The City's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.

H. Budgeted amounts are as originally adopted, or as amended by the City Council and approved by the Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$ \_\_\_\_\_ in 2003.

I. For the year ended December 31, 2003, expenditures exceeded budgeted appropriations in the following funds, by the amounts below:

Fund	Amount
General fund departments:	
Development Council	\$ 824
Controller and Department of Finance	855,803
Engineering	6,778
Major special revenue fund:	
Gaming revenues	2,421,232
Nonmajor special revenue funds:	
EEOC human relations	3,424
Emergency shelter grant	27,992
Gleason Golf Course	81,635
Ambulance nonreverting	37,331
Solid waste recycling project	37,469
Environmental management	6,429
Community development block grant	181,161
Total	<u>\$ 3,660,078</u>

These expenditures were funded by available cash balances in the funds. The excess of expenditures over appropriations resulted from the failure to obtain additional appropriation authority from the Common Council and, for some funds, the Department of Local Government Finance.

## **NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue	Funds which account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.
Debt Service	Funds which account for the accumulation of resources for and the payment of long-term debt principal and interest.
Capital Project	Funds which account for the financial resources to be used for the acquisition or construction of major capital facilities and the payment of long-term debt principal, interest, and related costs incurred to acquire or construct major capital facilities (other than those financed by Proprietary Funds).

CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2003

<u>Assets</u>	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Cash and cash equivalents	\$ 4,394,242	\$ -	\$ 710,687	\$ 5,104,929
Receivables (net of allowances for uncollectibles):				
Taxes	4,160,689	-	125,994	4,286,683
Accounts	1,004,119	-	-	1,004,119
Intergovernmental	1,037,445	-	144,813	1,182,258
Loans	13,750	-	-	13,750
Interfund receivable:				
Interfund loans	929,948	-	-	929,948
Prepaid expense	69,282	-	-	69,282
Restricted assets:				
Cash and cash equivalents	5,271,802	234	3,286,908	8,558,944
Investments	1,511,603	-	-	1,511,603
Interest receivable	677	-	1,558	2,235
Accounts receivable	28,618	-	9,500	38,118
Intergovernmental receivable	667,194	-	146,909	814,103
Loans receivable	3,826,403	-	-	3,826,403
Prepaid items	44,416	-	-	44,416
<b>Total assets</b>	<b>\$ 22,960,188</b>	<b>\$ 234</b>	<b>\$ 4,426,369</b>	<b>\$ 27,386,791</b>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 1,773,410	\$ -	\$ 2,386,503	\$ 4,159,913
Accrued payroll and withholdings payable	445,828	-	-	445,828
Interfund payable:				
Interfund loans	1,551,003	895,620	-	2,446,623
Taxes payable	2,996	-	-	2,996
Deposit payable for rental contracts	13,380	-	-	13,380
Tax anticipation warrants payable	1,680,211	-	-	1,680,211
Deferred revenue	4,259,305	-	130,725	4,390,030
Payable from restricted assets:				
Accounts payable	617,693	-	228,201	845,894
Accrued payroll and withholdings payable	109,878	-	-	109,878
Interfund payable	1,263	-	18,814	20,077
Deferred revenue	-	-	66,044	66,044
<b>Total liabilities</b>	<b>10,454,967</b>	<b>895,620</b>	<b>2,830,287</b>	<b>14,180,874</b>
Fund balances:				
Reserved for:				
Loans receivable	3,840,153	-	-	3,840,153
Encumbrances	2,096,304	-	3,376,072	5,472,376
Debt service	-	234	-	234
Prepaid items	113,698	-	-	113,698
Unreserved, reported in:				
Special revenue funds	6,455,066	-	-	6,455,066
Capital projects funds	-	-	(1,779,990)	(1,779,990)
Debt service funds	-	(895,620)	-	(895,620)
<b>Total fund balances</b>	<b>12,505,221</b>	<b>(895,386)</b>	<b>1,596,082</b>	<b>13,205,917</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,960,188</b>	<b>\$ 234</b>	<b>\$ 4,426,369</b>	<b>\$ 27,386,791</b>

CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2003

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes:				
Property	\$ 4,741,847	\$ -	\$ 390,985	\$ 5,132,832
Intergovernmental	23,965,336	-	2,863,780	26,829,116
Charges for services	2,527,501	-	-	2,527,501
Fines and forfeits	19,467	-	-	19,467
Other	<u>1,964,689</u>	-	<u>1,005,675</u>	<u>2,970,364</u>
Total revenues	<u>33,218,840</u>	-	<u>4,260,440</u>	<u>37,479,280</u>
Expenditures:				
Current:				
General government	2,256,461	-	-	2,256,461
Public safety	4,085,057	-	-	4,085,057
Highways and streets	5,934,714	-	-	5,934,714
Sanitation	943,616	-	-	943,616
Health and welfare	5,274,385	-	-	5,274,385
Culture and recreation	7,422,115	-	-	7,422,115
Urban redevelopment and housing	10,122,882	-	-	10,122,882
Debt service:				
Principal	400,000	813,936	-	1,213,936
Interest	351,363	81,684	-	433,047
Capital outlay:				
General government	-	-	13,770,267	13,770,267
Highways and streets	-	-	1,134,901	1,134,901
Sanitation	-	-	1,087,719	1,087,719
Culture and recreation	-	-	30,800	30,800
Urban redevelopment and housing	-	-	<u>7,550,138</u>	<u>7,550,138</u>
Total expenditures	<u>36,790,593</u>	<u>895,620</u>	<u>23,573,825</u>	<u>61,260,038</u>
Deficiency of revenues under expenditures	<u>(3,571,753)</u>	<u>(895,620)</u>	<u>(19,313,385)</u>	<u>(23,780,758)</u>
Other financing sources (uses):				
Transfers in	1,185,000	-	10,895,124	12,080,124
Transfers out	<u>(108,000)</u>	-	<u>(1,663,000)</u>	<u>(1,771,000)</u>
Total other financing sources and uses	<u>1,077,000</u>	-	<u>9,232,124</u>	<u>10,309,124</u>
Net change in fund balances	(2,494,753)	(895,620)	(10,081,261)	(13,471,634)
Fund balances - beginning	<u>14,999,974</u>	<u>234</u>	<u>11,677,343</u>	<u>26,677,551</u>
Fund balances - ending	<u>\$ 12,505,221</u>	<u>\$ (895,386)</u>	<u>\$ 1,596,082</u>	<u>\$ 13,205,917</u>

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## NONMAJOR SPECIAL REVENUE FUNDS

Welfare to Work	To account for revenues and expenditures related to a federal grant restricted for the Welfare to Work program.
Protective Services Funds	To account for revenues restricted for public safety expenditures.
Civil Defense Relocation	To account for revenues and expenditures for relocation of civil defense.
EEOC Human Relations	To account for financial resources restricted for Commission Human Relations
Economic Development	To account for revenues and expenditures for economic development activities.
Miss USA Pageant	To account for revenues and expenditures related to the Miss USA Pageant.
Local Law Enforcement Block Grant	To account for federal grant revenues and expenditures restricted to local law enforcement.
Workforce Development Board	To account for funds used in the operation of the Workforce Development Board.
Youth Services Bureau	To account for state grant revenues restricted for the City's youth services bureau.
Urban Homestead	To account for federal grant revenues restricted for community development activities.
HOME Program	To account for federal grant revenues restricted for the HOME program.
Emergency Shelter Grant	To account for federal grant revenues for emergency shelters for the City's citizens.
Brownfield	To account for financial resources related to Brownfield sites.
Healthy Families	To account for donations received by the City for the Healthy Families Initiative Program.
Marquette Park	To account for pavilion and parking lot fees.
Homeland Security	To account for federal funds provided for the payment of overtime and fringe benefits expended for nonsupervisory sworn personnel during homeland security training sessions and other law enforcement activities that are designed to assist in the prevention of and protection against acts of terrorism and other violent and drug-related crime.

**NONMAJOR SPECIAL REVENUE FUNDS**  
(Continued)

Gleason Golf Course	To account for City golf course activities.
Emergency Shelter	To account for revenues and expenditures related to emergency shelter program.
Comprehensive Community Program	To account for local resources restricted to programs related to public safety and community relations.
Ambulance Nonreverting	To account for financial resources restricted for ambulance services.
Property Disposal	To establish a new housing and urban development grant program.
Empowerment Zone	To account for revenues and expenditures related to a federal grant for a three-city consortium.
Law Enforcement Training	To account for revenues received for police fees and the related public safety expenditures.
NIMBOC	To account for support operations related to the Empowerment Zone, which was awarded a grant to establish the Northwest Indiana Minority Business Opportunity Committee. This fund establishes a financial accounting related to activities to increase the growth and expansion of minority owned businesses in the cities of Gary, East Chicago, and Hammond.
Unsafe Buildings	To account for revenues and expenditures for in-house demolition.
Homeownership	To record the expenditures and reimbursements for the Home Ownership and Hope VI partnership.
Local Road and Streets	To account for financial resources restricted for the construction and maintenance of local roads and streets of the City.
Motor Vehicle Highway	To account for gasoline taxes received to be expended principally for the construction and maintenance of streets and alleys.
Landfill Closure	To account for financial resources related to the closure of the landfill.
Recycling Project	To account for revenues and expenditures restricted for recycling project.
Solid Waste Recycling Project	To account for revenues restricted for the solid waste recycling project with Lake County.
Environmental Management	To account for federal grant revenues restricted to environmental management projects.
PGCI Project Grant	To account for the expenditures used for the Indiana Department of Transportation railroad lighting-crossing project.
Health and Human Services	To account for revenues and expenditures related to the City's health department.



## **NONMAJOR SPECIAL REVENUE FUNDS**

(Continued)

Alcohol and Drug Treatment	To account for revenues and expenditures related to the City's health department alcohol and drug treatment program.
Supplemental Adult Probation Services	To account for financial resources restricted for these activities in accordance with state law.
Gary Health Department Rental	To account for revenues and expenditures related to rental fees for the City's health department.
Assist Interlocal Fund	To account for donations made to the City's health department.
HIV Substance Abuse Prevention	To account for federal grant revenues and expenditures restricted to the City's health department HIV substance abuse program.
Workforce Development	To account for funds used in the operation of the Workforce Development Program.
COPS in School	To account for grant funds which may only be used to pay for entry-level salaries and benefits for the hiring or rehiring of new, additional career law enforcement officers.
Park and Recreation	To account for financial resources restricted for the operations of the City's park system.
Park Nonreverting	To account for financial resources restricted for park department activities.
Park Pavilion	To account for fees paid for use of park pavilions.
National Park Service	To account for joint venture between the City and the National Park Service.
Vehicle Auction	To account for proceeds from the sale of abandoned vehicles at local public auctions.
Tree Planting Grant	To account for tree planting project with the National Park Service.
Community Development Block Grant	To account for federal grant revenues restricted for community development activities.
Redevelopment Operating	To account for tax based fund restricted to redeveloping the neighborhoods of the City.
Summer Jobs Training Program	To account for financial resources restricted to the summer job program.
Fair Housing Project	To account for financial resources restricted for Fair Housing.

## **NONMAJOR SPECIAL REVENUE FUNDS**

(Continued)

Genesis Convention Center I	To account for operational costs for the daily activities at the Genesis Convention Center.
Genesis Convention Center II	To account for tax based fund for personnel and utilities costs at the Genesis Convention Center.
Media	To account for revenues and expenditures related to the government access channel.
Redevelopment Property	To account for financial resources for newly acquired redevelopment sites.
Empowerment Zone Revolving Loan	To account for loans and repayment of loans to citizens in Gary and surrounding communities.
Empowerment Zone Micro Loan	To account for expenditures used to fund micro-enterprises (businesses with fewer than ten employees, women, minorities, young persons lacking credit and others with little or no opportunity to enable them to gain opportunities to participate in the economic mainstream.
Clerk Perpetuation	To account for fees charged for transmitting documents by facsimile machine, and document storage. Such fees may then be used for preserving records and improving the record keeping systems and equipment.
Casino Development Commitment	To account for financial resources for casino development.
Leased Properties - Sears	To account for revenues and expenditures for daily operations of the family and child service building. To also accumulate resources for and the payment of the debt of the Gary Building Corporation.
Dusable Apartments	To account for financial resources for daily operations of the Dusable Apartments.
Economic Development Bond Commission	To account for financial resources related to economic development bond commission.
Remote Encoding Center	To account for financial resources related to the Remote Encoding Center.
EDI: Bar Code Center	To account for revenues and expenditures for daily operations of the postal bar code center.
Mayor Donations	To account for donations made to the Mayor.
Lakefront Development	To account for revenues received from the Lake Michigan Marina Development Commission.

## **NONMAJOR SPECIAL REVENUE FUNDS**

(Continued)

Social Services	To account for donations restricted to social services agencies.
City Council Donations	To account for donations received by the Common Council.
Confiscated Property	To account for revenues received from the U. S. Department of Justice for participating in drug enforcement cases and restricted for public safety expenditures.
Special Project Donations	To account for donations for one time only projects that are restricted by the donors.
Community Development Loan Program	To account for funds contributed for the establishment of a loan program for Gary small businesses. This fund records the initial contributions, loans made and repayments on the loans.
CG/R&R Ministries	To account for financial resources related to the operation of the Reclamation and Restoration Ministries.
Drug Court Program	To account for federal grant revenues restricted to administering the City's drug court program.
Metro Center	To account for financial resources related to operation costs for the transportation center.

CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003

<u>Assets</u>	Welfare to Work	Protective Services Funds	Civil Defense Relocation	EEOC Human Relations	Economic Development	Miss USA Pageant	Local Law Enforcement Block Grant	Workforce Development Board
Cash and cash equivalents	\$ -	\$ 463,808	\$ 34,290	\$ -	\$ -	\$ 20	\$ -	\$ -
Receivables (net of allowances for uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	2,904	-	-	-	-	-	-
Intergovernmental	26,683	74,815	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund loans	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	-	-	26,095	27,401	-	-	-
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	2,461	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 26,683</u>	<u>\$ 541,527</u>	<u>\$ 34,290</u>	<u>\$ 26,095</u>	<u>\$ 29,862</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 50,753	\$ 538,428	\$ -	\$ -	\$ -	\$ -	\$ 19,467	\$ -
Accrued payroll and withholdings payable	13,275	81,029	-	-	-	-	1,984	-
Interfund payable:								
Interfund loans	26,683	-	-	-	-	-	101	28,073
Taxes payable	-	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	2,496	-	-	-	-
Interfund payable	-	-	-	-	-	-	-	-
Total liabilities	<u>90,711</u>	<u>619,457</u>	<u>-</u>	<u>2,496</u>	<u>-</u>	<u>-</u>	<u>21,552</u>	<u>28,073</u>
Fund balances:								
Reserved for:								
Loans receivable	-	-	-	-	-	-	-	-
Encumbrances	200,000	128	-	-	-	-	30,642	-
Prepaid items	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	(264,028)	(78,058)	34,290	23,599	29,862	20	(52,194)	(28,073)
Total fund balances	<u>(64,028)</u>	<u>(77,930)</u>	<u>34,290</u>	<u>23,599</u>	<u>29,862</u>	<u>20</u>	<u>(21,552)</u>	<u>(28,073)</u>
Total liabilities and fund balances	<u>\$ 26,683</u>	<u>\$ 541,527</u>	<u>\$ 34,290</u>	<u>\$ 26,095</u>	<u>\$ 29,862</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ -</u>

Continued on next page

CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

<u>Assets</u>	Youth Services Bureau	Urban Homestead	HOME Program	Emergency Shelter Grant	Brownfield	Healthy Families	Marquette Park	Homeland Security
Cash and cash equivalents	\$ 216,844	\$ 655	\$ -	\$ -	\$ -	\$ 2,622	\$ 173,156	\$ -
Receivables (net of allowances for uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	1,400	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund loans	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	-	88,144	-	113,126	-	-	100,000
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 218,244</b>	<b>\$ 655</b>	<b>\$ 88,144</b>	<b>\$ -</b>	<b>\$ 113,126</b>	<b>\$ 2,622</b>	<b>\$ 173,156</b>	<b>\$ 100,000</b>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 1,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,208	\$ -
Accrued payroll and withholdings payable	1,802	-	-	-	-	-	-	-
Interfund payable:								
Interfund loans	-	-	-	3,782	-	-	-	-
Taxes payable	-	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	4,458	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,970</b>	<b>-</b>	<b>4,458</b>	<b>3,782</b>	<b>-</b>	<b>-</b>	<b>14,208</b>	<b>-</b>
Fund balances:								
Reserved for:								
Loans receivable	-	-	-	-	-	-	-	-
Encumbrances	186	-	191,346	8,576	10,000	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	215,088	655	(107,660)	(12,358)	103,126	2,622	158,948	100,000
<b>Total fund balances</b>	<b>215,274</b>	<b>655</b>	<b>83,686</b>	<b>(3,782)</b>	<b>113,126</b>	<b>2,622</b>	<b>158,948</b>	<b>100,000</b>
<b>Total liabilities and fund balances</b>	<b>\$ 218,244</b>	<b>\$ 655</b>	<b>\$ 88,144</b>	<b>\$ -</b>	<b>\$ 113,126</b>	<b>\$ 2,622</b>	<b>\$ 173,156</b>	<b>\$ 100,000</b>

Continued on next page

CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

<u>Assets</u>	<u>Gleason Golf Course</u>	<u>Emergency Shelter</u>	<u>Comprehensive Community Program</u>	<u>Ambulance Nonreverting</u>	<u>Property Disposal</u>	<u>Empowerment Zone</u>	<u>Law Enforcement Training</u>	<u>NIMBOC</u>
Cash and cash equivalents	\$ 119,954	\$ -	\$ 17,109	\$ 347,917	\$ 982	\$ -	\$ 192,738	\$ -
Receivables (net of allowances for uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Accounts	662	-	535	898,468	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund loans	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	40,160	-	-	-	134,591	-	5,741
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	250
Intergovernmental receivable	-	19,276	-	-	-	-	-	55,657
Loans receivable	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	1,766	-	-
<b>Total assets</b>	<b>\$ 120,616</b>	<b>\$ 59,436</b>	<b>\$ 17,644</b>	<b>\$ 1,246,385</b>	<b>\$ 982</b>	<b>\$ 136,357</b>	<b>\$ 192,738</b>	<b>\$ 61,648</b>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 7,761	\$ -	\$ 4,204	\$ 3,265	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Interfund payable:								
Interfund loans	-	-	-	-	-	-	-	-
Taxes payable	-	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	-	3,005	-	-	-	41,606	-	4,957
Accrued payroll and withholdings payable	-	12,956	-	-	-	24,069	-	4,365
Interfund payable	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>7,761</b>	<b>15,961</b>	<b>4,204</b>	<b>3,265</b>	<b>-</b>	<b>65,675</b>	<b>-</b>	<b>9,322</b>
Fund balances:								
Reserved for:								
Loans receivable	-	-	-	-	-	-	-	-
Encumbrances	55,821	34,863	-	11,523	-	1,700	-	-
Prepaid items	-	-	-	-	-	1,766	-	-
Unreserved, reported in:								
Special revenue funds	57,034	8,612	13,440	1,231,597	982	67,216	192,738	52,326
<b>Total fund balances</b>	<b>112,855</b>	<b>43,475</b>	<b>13,440</b>	<b>1,243,120</b>	<b>982</b>	<b>70,682</b>	<b>192,738</b>	<b>52,326</b>
<b>Total liabilities and fund balances</b>	<b>\$ 120,616</b>	<b>\$ 59,436</b>	<b>\$ 17,644</b>	<b>\$ 1,246,385</b>	<b>\$ 982</b>	<b>\$ 136,357</b>	<b>\$ 192,738</b>	<b>\$ 61,648</b>

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

<u>Assets</u>	<u>Unsafe Buildings</u>	<u>Home- ownership</u>	<u>Local Road and Streets</u>	<u>Motor Vehicle Highway</u>	<u>Landfill Closure</u>	<u>Recycling Project</u>	<u>Solid Waste Recycling Project</u>	<u>Environmental Management</u>
Cash and cash equivalents	\$ 44,666	\$ 1,548	\$ 147,120	\$ -	\$ -	\$ 487	\$ 15,732	\$ 11,084
Receivables (net of allowances for uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Intergovernmental	-	-	192,300	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund loans	-	-	300,000	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	-	-	390,031	270,470	-	-	-
Investments	-	-	-	-	1,511,603	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	399,638	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 44,666</u>	<u>\$ 1,548</u>	<u>\$ 639,420</u>	<u>\$ 789,669</u>	<u>\$ 1,782,073</u>	<u>\$ 487</u>	<u>\$ 15,732</u>	<u>\$ 11,084</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 136,051	\$ -	\$ -	\$ -	\$ 9,610	\$ 13,755
Accrued payroll and withholdings payable	-	-	67,033	-	-	-	30,791	-
Interfund payable:								
Interfund loans	-	-	637,320	-	-	-	-	-
Taxes payable	-	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	-	-	-	393,195	7,736	-	-	-
Accrued payroll and withholdings payable	-	-	-	25,536	-	-	-	-
Interfund payable	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>840,404</u>	<u>418,731</u>	<u>7,736</u>	<u>-</u>	<u>40,401</u>	<u>13,755</u>
Fund balances:								
Reserved for:								
Loans receivable	-	-	-	-	-	-	-	-
Encumbrances	-	-	9,205	738,214	-	-	8,289	12,936
Prepaid items	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	<u>44,666</u>	<u>1,548</u>	<u>(210,189)</u>	<u>(367,276)</u>	<u>1,774,337</u>	<u>487</u>	<u>(32,958)</u>	<u>(15,607)</u>
Total fund balances	<u>44,666</u>	<u>1,548</u>	<u>(200,984)</u>	<u>370,938</u>	<u>1,774,337</u>	<u>487</u>	<u>(24,669)</u>	<u>(2,671)</u>
Total liabilities and fund balances	<u>\$ 44,666</u>	<u>\$ 1,548</u>	<u>\$ 639,420</u>	<u>\$ 789,669</u>	<u>\$ 1,782,073</u>	<u>\$ 487</u>	<u>\$ 15,732</u>	<u>\$ 11,084</u>

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

	PGCI Project Grant	Health and Human Services	Alcohol and Drug Treatment	Supplemental Adult Probation Services	Gary Health Department Rental	Assist Interlocal Fund	HIV Substance Abuse Prevention	Workforce Development
<u>Assets</u>								
Cash and cash equivalents	\$ 19,419	\$ -	\$ 236,288	\$ 44,725	\$ 1,913	\$ 174	\$ -	\$ -
Receivables (net of allowances for uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	1,020	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	629,747
Loans	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund loans	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	-	50,126	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Accounts receivable	-	12,564	-	-	-	-	-	-
Intergovernmental receivable	-	163,376	-	-	-	-	15,788	-
Loans receivable	-	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Total assets	<u>\$ 19,419</u>	<u>\$ 226,066</u>	<u>\$ 236,288</u>	<u>\$ 45,745</u>	<u>\$ 1,913</u>	<u>\$ 174</u>	<u>\$ 15,788</u>	<u>\$ 629,747</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	688	3,992	-	-	-	-
Interfund payable:								
Interfund loans	-	-	-	-	-	-	-	629,948
Taxes payable	-	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	-	17,791	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	29,993	-	-	-	-	4,839	-
Interfund payable	-	-	-	-	-	-	1,263	-
Total liabilities	<u>-</u>	<u>47,784</u>	<u>688</u>	<u>3,992</u>	<u>-</u>	<u>-</u>	<u>6,102</u>	<u>629,948</u>
Fund balances:								
Reserved for:								
Loans receivable	-	-	-	-	-	-	-	-
Encumbrances	-	19,211	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-	-
Unreserved, reported in:								
Special revenue funds	<u>19,419</u>	<u>159,071</u>	<u>235,600</u>	<u>41,753</u>	<u>1,913</u>	<u>174</u>	<u>9,686</u>	<u>(201)</u>
Total fund balances	<u>19,419</u>	<u>178,282</u>	<u>235,600</u>	<u>41,753</u>	<u>1,913</u>	<u>174</u>	<u>9,686</u>	<u>(201)</u>
Total liabilities and fund balances	<u>\$ 19,419</u>	<u>\$ 226,066</u>	<u>\$ 236,288</u>	<u>\$ 45,745</u>	<u>\$ 1,913</u>	<u>\$ 174</u>	<u>\$ 15,788</u>	<u>\$ 629,747</u>

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

<u>Assets</u>	COPS in School	Park and Recreation	Park Nonreverting	Park Pavilion	National Park Service	Vehicle Auction	Tree Planting Grant
Cash and cash equivalents	\$ -	\$ 246,333	\$ 72,890	\$ 7,216	\$ 382	\$ 87,367	\$ -
Receivables (net of allowances for uncollectibles):							
Taxes	-	2,245,659	-	-	-	-	-
Accounts	-	-	1,550	-	-	-	-
Intergovernmental	-	96,156	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Interfund receivable:							
Interfund loans	-	-	-	-	-	-	-
Prepaid items	-	27,785	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	225,684	-	-	-	-	-	575
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 225,684</b>	<b>\$ 2,615,933</b>	<b>\$ 74,440</b>	<b>\$ 7,216</b>	<b>\$ 382</b>	<b>\$ 87,367</b>	<b>\$ 575</b>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ 246,001	\$ 26,008	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	113,447	-	-	-	-	-
Interfund payable:							
Interfund loans	-	-	-	-	-	-	-
Taxes payable	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	1,510,766	-	-	-	-	-
Deferred revenue	-	2,341,815	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>4,212,029</b>	<b>26,008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:							
Reserved for:							
Loans receivable	-	-	-	-	-	-	-
Encumbrances	-	35	-	-	-	-	-
Prepaid items	-	27,785	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	225,684	(1,623,916)	48,432	7,216	382	87,367	575
<b>Total fund balances</b>	<b>225,684</b>	<b>(1,596,096)</b>	<b>48,432</b>	<b>7,216</b>	<b>382</b>	<b>87,367</b>	<b>575</b>
<b>Total liabilities and fund balances</b>	<b>\$ 225,684</b>	<b>\$ 2,615,933</b>	<b>\$ 74,440</b>	<b>\$ 7,216</b>	<b>\$ 382</b>	<b>\$ 87,367</b>	<b>\$ 575</b>

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

<u>Assets</u>	Community Development Block Grant	Redevelopment Operating	Summer Jobs Training Program	Fair Housing Project	Genesis Convention Center I	Genesis Convention Center II	Media
Cash and cash equivalents	\$ 303,948	\$ 431,882	\$ 1,495	\$ -	\$ 412,913	\$ 165,220	\$ 150,844
Receivables (net of allowances for uncollectibles):							
Taxes	-	1,915,030	-	-	-	-	-
Accounts	-	-	-	-	4,442	-	87,630
Intergovernmental	13,884	2,460	-	-	-	-	-
Loans	13,750	-	-	-	-	-	-
Interfund receivable:							
Interfund loans	-	-	-	-	-	429,948	200,000
Prepaid items	4,667	-	-	-	-	16,240	-
Restricted assets:							
Cash and cash equivalents	-	-	-	255,422	-	-	-
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 336,249</b>	<b>\$ 2,349,372</b>	<b>\$ 1,495</b>	<b>\$ 255,422</b>	<b>\$ 417,355</b>	<b>\$ 611,408</b>	<b>\$ 438,474</b>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ 302,225	\$ 900	\$ -	\$ -	\$ 21,181	\$ 286,599	\$ 2,125
Accrued payroll and withholdings payable	70,734	9,011	-	-	15,028	37,014	-
Interfund payable:							
Interfund loans	-	-	-	-	-	194,885	-
Taxes payable	-	-	-	-	2,996	-	-
Deposit payable for rental contracts	-	-	-	-	13,380	-	-
Tax anticipation warrants payable	-	-	-	-	-	169,445	-
Deferred revenue	-	1,917,490	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	-	-	-	3,878	-	-	-
Accrued payroll and withholdings payable	-	-	-	1,166	-	-	-
Interfund payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>372,959</b>	<b>1,927,401</b>	<b>-</b>	<b>5,044</b>	<b>52,585</b>	<b>687,943</b>	<b>2,125</b>
Fund balances:							
Reserved for:							
Loans receivable	13,750	-	-	-	-	-	-
Encumbrances	612,526	-	-	23,769	-	121,141	6,193
Prepaid items	4,667	-	-	-	-	16,240	-
Unreserved, reported in:							
Special revenue funds	(667,653)	421,971	1,495	226,609	364,770	(213,916)	430,156
<b>Total fund balances</b>	<b>(36,710)</b>	<b>421,971</b>	<b>1,495</b>	<b>250,378</b>	<b>364,770</b>	<b>(76,535)</b>	<b>436,349</b>
<b>Total liabilities and fund balances</b>	<b>\$ 336,249</b>	<b>\$ 2,349,372</b>	<b>\$ 1,495</b>	<b>\$ 255,422</b>	<b>\$ 417,355</b>	<b>\$ 611,408</b>	<b>\$ 438,474</b>

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

<u>Assets</u>	Redevelopment Property	Empowerment Zone Revolving Loan	Empowerment Zone Micro Loan	Clerk Perpetuation	Casino Development Commitment	Leased Properties - Sears	Dusable Apartments
Cash and cash equivalents	\$ 33,338	\$ -	\$ -	\$ -	\$ 178,234	\$ -	\$ 5,240
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Interfund receivable:							
Interfund loans	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	144,425	31,845	41,778	-	2,474,155	-
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	677	-
Accounts receivable	-	-	-	15,804	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-
Loans receivable	-	3,689,139	137,264	-	-	-	-
Prepaid items	-	-	-	-	-	42,650	-
<b>Total assets</b>	<b>\$ 33,338</b>	<b>\$ 3,833,564</b>	<b>\$ 169,109</b>	<b>\$ 57,582</b>	<b>\$ 178,234</b>	<b>\$ 2,517,482</b>	<b>\$ 5,240</b>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable:							
Interfund loans	-	-	-	-	-	-	-
Taxes payable	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	-	-	-	-	-	17,884	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>17,884</b>	<b>-</b>
Fund balances:							
Reserved for:							
Loans receivable	-	3,689,139	137,264	-	-	-	-
Encumbrances	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	42,650	-
Unreserved, reported in:							
Special revenue funds	33,338	144,425	(3,155)	57,582	178,234	2,456,948	5,240
<b>Total fund balances</b>	<b>33,338</b>	<b>3,833,564</b>	<b>134,109</b>	<b>57,582</b>	<b>178,234</b>	<b>2,499,598</b>	<b>5,240</b>
<b>Total liabilities and fund balances</b>	<b>\$ 33,338</b>	<b>\$ 3,833,564</b>	<b>\$ 169,109</b>	<b>\$ 57,582</b>	<b>\$ 178,234</b>	<b>\$ 2,517,482</b>	<b>\$ 5,240</b>

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

	Economic Development Bond Commission	Remote Encoding Center	EDI: Bar Code Center	Mayor Donations	Lakefront Development	Social Services	City Council Donations
<u>Assets</u>							
Cash and cash equivalents	\$ 60,920	\$ 17,687	\$ 1,657	\$ 430	\$ -	\$ 13,786	\$ 83,870
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Accounts	-	-	-	3,480	-	109	-
Intergovernmental	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Interfund receivable:							
Interfund loans	-	-	-	-	-	-	-
Prepaid items	-	20,590	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-	-
Total assets	<u>\$ 60,920</u>	<u>\$ 38,277</u>	<u>\$ 1,657</u>	<u>\$ 3,910</u>	<u>\$ -</u>	<u>\$ 13,895</u>	<u>\$ 83,870</u>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ 1,744	\$ -	\$ -	\$ -	\$ 4,286	\$ 21,915
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable:							
Interfund loans	-	-	-	-	30,211	-	-
Taxes payable	-	-	-	-	-	-	-
Deposit payable for rental contracts	-	-	-	-	-	-	-
Tax anticipation warrants payable	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,744</u>	<u>-</u>	<u>-</u>	<u>30,211</u>	<u>4,286</u>	<u>21,915</u>
Fund balances:							
Reserved for:							
Loans receivable	-	-	-	-	-	-	-
Encumbrances	-	-	-	-	-	-	-
Prepaid items	-	20,590	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	<u>60,920</u>	<u>15,943</u>	<u>1,657</u>	<u>3,910</u>	<u>(30,211)</u>	<u>9,609</u>	<u>61,955</u>
Total fund balances	<u>60,920</u>	<u>36,533</u>	<u>1,657</u>	<u>3,910</u>	<u>(30,211)</u>	<u>9,609</u>	<u>61,955</u>
Total liabilities and fund balances	<u>\$ 60,920</u>	<u>\$ 38,277</u>	<u>\$ 1,657</u>	<u>\$ 3,910</u>	<u>\$ -</u>	<u>\$ 13,895</u>	<u>\$ 83,870</u>

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2003  
(Continued)

<u>Assets</u>	<u>Confiscated Property</u>	<u>Special Project Donations</u>	<u>Community Development Loan Program</u>	<u>CG/R&amp;R Ministries</u>	<u>Drug Court Program</u>	<u>Metro Center</u>	<u>Totals</u>
Cash and cash equivalents	\$ -	\$ 4,315	\$ -	\$ 19,325	\$ -	\$ 1,699	\$ 4,394,242
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	4,160,689
Accounts	-	-	-	-	-	3,319	1,004,119
Intergovernmental	-	-	-	-	-	-	1,037,445
Loans	-	-	-	-	-	-	13,750
Interfund receivable:							
Interfund loans	-	-	-	-	-	-	929,948
Prepaid items	-	-	-	-	-	-	69,282
Restricted assets:							
Cash and cash equivalents	551,312	-	300,721	-	-	-	5,271,802
Investments	-	-	-	-	-	-	1,511,603
Interest receivable	-	-	-	-	-	-	677
Accounts receivable	-	-	-	-	-	-	28,618
Intergovernmental receivable	10,998	-	-	-	-	-	667,194
Loans receivable	-	-	-	-	-	-	3,826,403
Prepaid items	-	-	-	-	-	-	44,416
<b>Total assets</b>	<b>\$ 562,310</b>	<b>\$ 4,315</b>	<b>\$ 300,721</b>	<b>\$ 19,325</b>	<b>\$ -</b>	<b>\$ 5,018</b>	<b>\$ 22,960,188</b>
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,756	\$ 1,773,410
Accrued payroll and withholdings payable	-	-	-	-	-	-	445,828
Interfund payable:							
Interfund loans	-	-	-	-	-	-	1,551,003
Taxes payable	-	-	-	-	-	-	2,996
Deposit payable for rental contracts	-	-	-	-	-	-	13,380
Tax anticipation warrants payable	-	-	-	-	-	-	1,680,211
Deferred revenue	-	-	-	-	-	-	4,259,305
Payable from restricted assets:							
Accounts payable	127,641	-	-	-	-	-	617,693
Accrued payroll and withholdings payable	-	-	-	-	-	-	109,878
Interfund payable	-	-	-	-	-	-	1,263
<b>Total liabilities</b>	<b>127,641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,756</b>	<b>10,454,967</b>
Fund balances:							
Reserved for:							
Loans receivable	-	-	-	-	-	-	3,840,153
Encumbrances	-	-	-	-	-	-	2,096,304
Prepaid items	-	-	-	-	-	-	113,698
Unreserved, reported in:							
Special revenue funds	434,669	4,315	300,721	19,325	-	(21,738)	6,455,066
<b>Total fund balances</b>	<b>434,669</b>	<b>4,315</b>	<b>300,721</b>	<b>19,325</b>	<b>-</b>	<b>(21,738)</b>	<b>12,505,221</b>
<b>Total liabilities and fund balances</b>	<b>\$ 562,310</b>	<b>\$ 4,315</b>	<b>\$ 300,721</b>	<b>\$ 19,325</b>	<b>\$ -</b>	<b>\$ 5,018</b>	<b>\$ 22,960,188</b>

CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003

	Welfare to Work	Protective Services Funds	Civil Defense Relocation	EEOC Human Relations	Economic Development	Miss USA Pageant	Local Law Enforcement Block Grant	Workforce Development Board
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	478,146	1,919,044	-	60,050	10,778	-	440,633	146,363
Charges for services	-	49,304	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	67	150	-	-	-	2,014	32,572	-
Total revenues	478,213	1,968,498	-	60,050	10,778	2,014	473,205	146,363
Expenditures:								
Current:								
General government	-	-	-	56,450	3,275	-	-	-
Public safety	-	2,286,169	49,000	-	-	-	1,248,306	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	528,628	-	-	-	-	-	-	137,686
Culture and recreation	-	-	-	-	-	1,994	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	528,628	2,286,169	49,000	56,450	3,275	1,994	1,248,306	137,686
Excess (deficiency) of revenues over (under) expenditures	(50,415)	(317,671)	(49,000)	3,600	7,503	20	(775,101)	8,677
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	(50,415)	(317,671)	(49,000)	3,600	7,503	20	(775,101)	8,677
Fund balances - beginning	(13,613)	239,741	83,290	19,999	22,359	-	753,549	(36,750)
Fund balances - ending	\$ (64,028)	\$ (77,930)	\$ 34,290	\$ 23,599	\$ 29,862	\$ 20	\$ (21,552)	\$ (28,073)

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Youth Services Bureau	Urban Homestead	HOME Program	Emergency Shelter Grant	Brownfield	Healthy Families	Marquette Park	Homeland Security
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	259,355	-	2,640,383	176,746	213,335	-	-	100,000
Charges for services	-	-	96,284	-	-	-	412,067	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	407	-	18,331	-	-	19,553	566	-
Total revenues	259,762	-	2,754,998	176,746	213,335	19,553	412,633	100,000
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	262,857	-	-	181,416	140,333	24,932	-	-
Culture and recreation	-	-	-	-	-	-	372,218	-
Urban redevelopment and housing	-	-	2,674,930	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	262,857	-	2,674,930	181,416	140,333	24,932	372,218	-
Excess (deficiency) of revenues over (under) expenditures	(3,095)	-	80,068	(4,670)	73,002	(5,379)	40,415	100,000
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	(3,095)	-	80,068	(4,670)	73,002	(5,379)	40,415	100,000
Fund balances - beginning	218,369	655	3,618	888	40,124	8,001	118,533	-
Fund balances - ending	\$ 215,274	\$ 655	\$ 83,686	\$ (3,782)	\$ 113,126	\$ 2,622	\$ 158,948	\$ 100,000

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Gleason Golf Course	Emergency Shelter	Comprehensive Community Program	Ambulance Nonreverting	Property Disposal	Empowerment Zone	Law Enforcement Training	NIMBOC
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	170,724	502,059	-	-	-	2,241,352	-	91,664
Charges for services	-	-	48,831	509,449	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	19,467	-
Other	945	30,181	-	341	982	19,690	-	12,426
Total revenues	171,669	532,240	48,831	509,790	982	2,261,042	19,467	104,090
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	55,482	150,716	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	-	566,652	-	-	-	-	-	-
Culture and recreation	330,403	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	2,230,721	-	51,764
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	330,403	566,652	55,482	150,716	-	2,230,721	-	51,764
Excess (deficiency) of revenues over (under) expenditures	(158,734)	(34,412)	(6,651)	359,074	982	30,321	19,467	52,326
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(8,000)	-	-
Total other financing sources and uses	-	-	-	-	-	(8,000)	-	-
Net change in fund balances	(158,734)	(34,412)	(6,651)	359,074	982	22,321	19,467	52,326
Fund balances - beginning	271,589	77,887	20,091	884,046	-	48,361	173,271	-
Fund balances - ending	\$ 112,855	\$ 43,475	\$ 13,440	\$ 1,243,120	\$ 982	\$ 70,682	\$ 192,738	\$ 52,326

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Unsafe Buildings	Home- ownership	Local Road and Streets	Motor Vehicle Highway	Landfill Closure	Recycling Project	Solid Waste Recycling Project	Environmental Management
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	1,194,620	3,206,455	-	-	549,996	47,696
Charges for services	14,333	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	4,233	438,671	1,694	40,702	-	-	-
Total revenues	14,333	4,233	1,633,291	3,208,149	40,702	-	549,996	47,696
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	1,864,565	4,070,149	-	-	-	-
Sanitation	-	-	-	-	156,318	-	787,298	-
Health and welfare	-	-	-	-	-	-	-	63,464
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	2,685	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	-	2,685	1,864,565	4,070,149	156,318	-	787,298	63,464
Excess (deficiency) of revenues over (under) expenditures	14,333	1,548	(231,274)	(862,000)	(115,616)	-	(237,302)	(15,768)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	277,000	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	277,000	-
Net change in fund balances	14,333	1,548	(231,274)	(862,000)	(115,616)	-	39,698	(15,768)
Fund balances - beginning	30,333	-	30,290	1,232,938	1,889,953	487	(64,367)	13,097
Fund balances - ending	\$ 44,666	\$ 1,548	\$ (200,984)	\$ 370,938	\$ 1,774,337	\$ 487	\$ (24,669)	\$ (2,671)

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	PGCI Project Grant	Health and Human Services	Alcohol and Drug Treatment	Supplemental Adult Probation Services	Gary Health Department Rental	Assist Interlocal Fund	HIV Substance Abuse Prevention	Workforce Development
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	883,477	-	-	7,400	-	103,562	2,217,658
Charges for services	-	61,166	32,445	76,767	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	15,533	-	246	253	-	-	45,564
Total revenues	-	960,176	32,445	77,013	7,653	-	103,562	2,263,222
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	73,112	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Health and welfare	4,998	940,715	11,597	-	12,676	-	107,533	2,263,423
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	4,998	940,715	11,597	73,112	12,676	-	107,533	2,263,423
Excess (deficiency) of revenues over (under) expenditures	(4,998)	19,461	20,848	3,901	(5,023)	-	(3,971)	(201)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-
Net change in fund balances	(4,998)	19,461	20,848	3,901	(5,023)	-	(3,971)	(201)
Fund balances - beginning	24,417	158,821	214,752	37,852	6,936	174	13,657	-
Fund balances - ending	\$ 19,419	\$ 178,282	\$ 235,600	\$ 41,753	\$ 1,913	\$ 174	\$ 9,686	\$ (201)

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	COPS in School	Park and Recreation	Park Nonreverting	Park Pavilion	National Park Service	Vehicle Auction	Tree Planting Grant
Revenues:							
Taxes:							
Property	\$ -	\$ 2,956,822	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	225,684	121,503	135,178	-	-	-	-
Charges for services	-	34,489	-	2,338	167	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	3,099	5,957	-	-	87,367	-
Total revenues	225,684	3,115,913	141,135	2,338	167	87,367	-
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	4,058,620	129,040	49,403	-	-	47,215
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	-	4,058,620	129,040	49,403	-	-	47,215
Excess (deficiency) of revenues over (under) expenditures	225,684	(942,707)	12,095	(47,065)	167	87,367	(47,215)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	225,684	(942,707)	12,095	(47,065)	167	87,367	(47,215)
Fund balances - beginning	-	(653,389)	36,337	54,281	215	-	47,790
Fund balances - ending	\$ 225,684	\$ (1,596,096)	\$ 48,432	\$ 7,216	\$ 382	\$ 87,367	\$ 575

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Community Development Block Grant	Redevelopment Operating	Summer Jobs Training Program	Fair Housing Project	Genesis Convention Center I	Genesis Convention Center II	Media
Revenues:							
Taxes:							
Property	\$ -	\$ 371,073	\$ -	\$ -	\$ -	\$ 1,413,952	\$ -
Intergovernmental	4,366,362	7,029	-	101,260	-	52,551	-
Charges for services	7,332	-	-	-	506,933	-	359,623
Fines and forfeits	-	-	-	-	-	-	-
Other	180,831	55,869	-	16,878	-	-	-
Total revenues	4,554,525	433,971	-	118,138	506,933	1,466,503	359,623
Expenditures:							
Current:							
General government	-	-	498,505	-	-	-	110,972
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	498,440	1,934,782	-
Urban redevelopment and housing	4,621,623	390,035	-	100,797	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	4,621,623	390,035	498,505	100,797	498,440	1,934,782	110,972
Excess (deficiency) of revenues over (under) expenditures	(67,098)	43,936	(498,505)	17,341	8,493	(468,279)	248,651
Other financing sources (uses):							
Transfers in	-	-	500,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	500,000	-	-	-	-
Net change in fund balances	(67,098)	43,936	1,495	17,341	8,493	(468,279)	248,651
Fund balances - beginning	30,388	378,035	-	233,037	356,277	391,744	187,698
Fund balances - ending	\$ (36,710)	\$ 421,971	\$ 1,495	\$ 250,378	\$ 364,770	\$ (76,535)	\$ 436,349

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Redevelopment Property	Empowerment Zone Revolving Loan	Empowerment Zone Micro Loan	Clerk Perpetuation	Casino Development Commitment	Leased Properties - Sears	Dusable Apartments
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	1,222,315	-
Charges for services	-	131,225	2,150	57,582	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	18	-	-	8,808	-
Total revenues	-	131,225	2,168	57,582	-	1,231,123	-
Expenditures:							
Current:							
General government	-	-	-	-	-	625,841	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	10,327	40,000	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	400,000	-
Interest	-	-	-	-	-	351,363	-
Total expenditures	-	10,327	40,000	-	-	1,377,204	-
Excess (deficiency) of revenues over (under) expenditures	-	120,898	(37,832)	57,582	-	(146,081)	-
Other financing sources (uses):							
Transfers in	-	8,000	100,000	-	-	-	-
Transfers out	-	(100,000)	-	-	-	-	-
Total other financing sources and uses	-	(92,000)	100,000	-	-	-	-
Net change in fund balances	-	28,898	62,168	57,582	-	(146,081)	-
Fund balances - beginning	33,338	3,804,666	71,941	-	178,234	2,645,679	5,240
Fund balances - ending	<u>\$ 33,338</u>	<u>\$ 3,833,564</u>	<u>\$ 134,109</u>	<u>\$ 57,582</u>	<u>\$ 178,234</u>	<u>\$ 2,499,598</u>	<u>\$ 5,240</u>

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Economic Development Bond Commission	Remote Encoding Center	EDI: Bar Code Center	Mayor Donations	Lakefront Development	Social Services	City Council Donations
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	988	-
Fines and forfeits	-	-	-	-	-	-	-
Other	<u>336</u>	<u>240</u>	<u>-</u>	<u>374,184</u>	<u>-</u>	<u>14,027</u>	<u>330,511</u>
Total revenues	<u>336</u>	<u>240</u>	<u>-</u>	<u>374,184</u>	<u>-</u>	<u>15,015</u>	<u>330,511</u>
Expenditures:							
Current:							
General government	-	76,014	-	359,753	25,066	-	365,850
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	16,725	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>76,014</u>	<u>-</u>	<u>359,753</u>	<u>25,066</u>	<u>16,725</u>	<u>365,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>336</u>	<u>(75,774)</u>	<u>-</u>	<u>14,431</u>	<u>(25,066)</u>	<u>(1,710)</u>	<u>(35,339)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	336	(75,774)	-	14,431	(25,066)	(1,710)	(35,339)
Fund balances - beginning	<u>60,584</u>	<u>112,307</u>	<u>1,657</u>	<u>(10,521)</u>	<u>(5,145)</u>	<u>11,319</u>	<u>97,294</u>
Fund balances - ending	<u>\$ 60,920</u>	<u>\$ 36,533</u>	<u>\$ 1,657</u>	<u>\$ 3,910</u>	<u>\$ (30,211)</u>	<u>\$ 9,609</u>	<u>\$ 61,955</u>

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Confiscated Property	Special Project Donations	Community Development Loan Program	CG/R&R Ministries	Drug Court Program	Metro Center	Totals
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,741,847
Intergovernmental	71,958	-	-	-	-	-	23,965,336
Charges for services	-	-	-	-	-	124,028	2,527,501
Fines and forfeits	-	-	-	-	-	-	19,467
Other	200,697	25	721	-	-	-	1,964,689
Total revenues	272,655	25	721	-	-	124,028	33,218,840
Expenditures:							
Current:							
General government	-	25	-	-	-	134,710	2,256,461
Public safety	222,245	-	-	-	27	-	4,085,057
Highways and streets	-	-	-	-	-	-	5,934,714
Sanitation	-	-	-	-	-	-	943,616
Health and welfare	-	-	-	10,750	-	-	5,274,385
Culture and recreation	-	-	-	-	-	-	7,422,115
Urban redevelopment and housing	-	-	-	-	-	-	10,122,882
Debt service:							
Principal	-	-	-	-	-	-	400,000
Interest	-	-	-	-	-	-	351,363
Total expenditures	222,245	25	-	10,750	27	134,710	36,790,593
Excess (deficiency) of revenues over (under) expenditures	50,410	-	721	(10,750)	(27)	(10,682)	(3,571,753)
Other financing sources (uses):							
Transfers in	-	-	300,000	-	-	-	1,185,000
Transfers out	-	-	-	-	-	-	(108,000)
Total other financing sources and uses	-	-	300,000	-	-	-	1,077,000
Net change in fund balances	50,410	-	300,721	(10,750)	(27)	(10,682)	(2,494,753)
Fund balances - beginning	384,259	4,315	-	30,075	27	(11,056)	14,999,974
Fund balances - ending	\$ 434,669	\$ 4,315	\$ 300,721	\$ 19,325	\$ -	\$ (21,738)	\$ 12,505,221

CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003

	Welfare to Work				Protective Services				EEOC Human Relations				Youth Services Bureau			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Revenues:																
Taxes:																
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	476,497	476,497	-	-	1,855,789	1,855,789	-	-	60,050	60,050	-	-	257,955	257,955
Charges for services	-	-	-	-	-	-	46,723	46,723	-	-	-	-	-	-	-	-
Other	-	-	67	67	-	-	150	150	-	-	-	-	-	-	407	407
Total revenues	-	-	476,564	476,564	-	-	1,902,662	1,902,662	-	-	60,050	60,050	-	-	258,362	258,362
Expenditures:																
Current:																
General government:																
Personal services	-	-	-	-	-	-	-	-	51,697	51,697	55,233	(3,536)	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	1,000	1,000	888	112	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-	52,697	52,697	56,121	(3,424)	-	-	-	-
Public safety:																
Personal services	-	-	-	-	177,418	1,309,316	1,656,950	(347,634)	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	178,253	251,445	6,988	244,457	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	271,089	278,346	90,265	188,081	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	319,677	187,399	24,820	162,579	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	946,437	2,026,506	1,779,023	247,483	-	-	-	-	-	-	-	-
Highways and streets:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total sanitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Continued on next page



CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Welfare to Work				Protective Services				EEOC Human Relations				Youth Services Bureau			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Expenditures (continued):																
Current (continued):																
Health and welfare:																
Personal services	196,115	196,115	254,252	(58,137)	-	-	-	-	-	-	-	-	37,376	75,920	35,986	39,934
Supplies	2,000	2,000	-	2,000	-	-	-	-	-	-	-	-	25,345	25,249	1,604	23,645
Other services and charges	509,820	309,820	222,688	87,132	-	-	-	-	-	-	-	-	194,014	470,533	223,854	246,679
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	9,098	9,098	668	8,430
Total health and welfare	707,935	507,935	476,940	30,995	-	-	-	-	-	-	-	-	265,833	580,800	262,112	318,688
Culture and recreation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total urban redevelopment and housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	707,935	507,935	476,940	30,995	946,437	2,026,506	1,779,023	247,483	52,697	52,697	56,121	(3,424)	265,833	580,800	262,112	318,688
Other financing sources (uses):																
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	(707,935)	(507,935)	(376)	507,559	(946,437)	(2,026,506)	123,639	2,150,145	(52,697)	(52,697)	3,929	56,626	(265,833)	(580,800)	(3,750)	577,050
Fund balances - beginning	-	-	(26,307)	(26,307)	-	-	340,169	340,169	-	-	22,166	22,166	-	-	220,594	220,594
Fund balances - December 31	<u>\$ (707,935)</u>	<u>\$ (507,935)</u>	<u>\$ (26,683)</u>	<u>\$ 481,252</u>	<u>\$ (946,437)</u>	<u>\$ (2,026,506)</u>	<u>\$ 463,808</u>	<u>\$ 2,490,314</u>	<u>\$ (52,697)</u>	<u>\$ (52,697)</u>	<u>\$ 26,095</u>	<u>\$ 78,792</u>	<u>\$ (265,833)</u>	<u>\$ (580,800)</u>	<u>\$ 216,844</u>	<u>\$ 797,644</u>
<u>Budget/GAAP Reconciliation</u>																
Net change in fund balance, budgetary basis			\$ (376)				\$ 123,639				\$ 3,929				\$ (3,750)	
To adjust revenues for accruals			1,649				65,836				-				1,400	
To adjust expenditures for accruals			(51,688)				(507,146)				(329)				(745)	
Net change in fund balance, GAAP basis			<u>\$ (50,415)</u>				<u>\$ (317,671)</u>				<u>\$ 3,600</u>				<u>\$ (3,095)</u>	

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CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	HOME Program				Emergency Shelter Grant				Brownfield				Gleason Golf Course			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Revenues:																
Taxes:																
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	2,642,634	2,642,634	-	-	176,746	176,746	-	-	213,335	213,335	-	-	170,062	170,062
Charges for services	-	-	96,284	96,284	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	18,331	18,331	-	-	-	-	-	-	-	-	-	-	945	945
Total revenues	-	-	2,757,249	2,757,249	-	-	176,746	176,746	-	-	213,335	213,335	-	-	171,007	171,007
Expenditures:																
Current:																
General government:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total sanitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Continued on next page

CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	HOME Program				Emergency Shelter Grant				Brownfield				Gleason Golf Course			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Expenditures (continued):																
Current (continued):																
Health and welfare:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	162,000	153,424	181,416	(27,992)	299,395	308,606	134,793	173,813	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	5,540	(5,540)	-	-	-	-
Total health and welfare	-	-	-	-	162,000	153,424	181,416	(27,992)	299,395	308,606	140,333	168,273	-	-	-	-
Culture and recreation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	35,257	34,354	42,403	(8,049)
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	18,500	11,075	29,704	(18,629)
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	104,114	256,621	311,578	(54,957)
Total culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	157,871	302,050	383,685	(81,635)
Urban redevelopment and housing:																
Personal services	113,888	113,888	96,388	17,500	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	1,479,081	3,795,295	2,583,501	1,211,794	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	32,800	32,800	-	32,800	-	-	-	-	-	-	-	-	-	-	-	-
Total urban redevelopment and housing	1,625,769	3,941,983	2,679,889	1,262,094	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,625,769	3,941,983	2,679,889	1,262,094	162,000	153,424	181,416	(27,992)	299,395	308,606	140,333	168,273	157,871	302,050	383,685	(81,635)
Other financing sources (uses):																
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	(1,625,769)	(3,941,983)	77,360	4,019,343	(162,000)	(153,424)	(4,670)	148,754	(299,395)	(308,606)	73,002	381,608	(157,871)	(302,050)	(212,678)	89,372
Fund balances - beginning	-	-	10,784	10,784	-	-	888	888	-	-	40,124	40,124	-	-	332,632	332,632
Fund balances - December 31	<u>\$ (1,625,769)</u>	<u>\$ (3,941,983)</u>	<u>\$ 88,144</u>	<u>\$ 4,030,127</u>	<u>\$ (162,000)</u>	<u>\$ (153,424)</u>	<u>\$ (3,782)</u>	<u>\$ 149,642</u>	<u>\$ (299,395)</u>	<u>\$ (308,606)</u>	<u>\$ 113,126</u>	<u>\$ 421,732</u>	<u>\$ (157,871)</u>	<u>\$ (302,050)</u>	<u>\$ 119,954</u>	<u>\$ 422,004</u>
<u>Budget/GAAP Reconciliation</u>																
Net change in fund balance, budgetary basis			\$ 77,360				\$ (4,670)				\$ 73,002				\$ (212,678)	
To adjust revenues for accruals			(2,250)				-				-				662	
To adjust expenditures for accruals			4,958				-				-				53,282	
Net change in fund balance, GAAP basis			<u>\$ 80,068</u>				<u>\$ (4,670)</u>				<u>\$ 73,002</u>				<u>\$ (158,734)</u>	

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CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Emergency Shelter				Ambulance Nonreverting				Empowerment Zone				Local Road and Streets			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Revenues:																
Taxes:																
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	590,617	590,617	-	-	-	-	-	-	2,341,352	2,341,352	1,187,400	1,187,400	1,189,193	1,793
Charges for services	-	-	-	-	-	-	282,925	282,925	-	-	-	-	-	-	-	-
Other	-	-	30,181	30,181	-	-	341	341	-	-	23,465	23,465	16,500	16,500	138,671	122,171
Total revenues	-	-	620,798	620,798	-	-	283,266	283,266	-	-	2,364,817	2,364,817	1,203,900	1,203,900	1,327,864	123,964
Expenditures:																
Current:																
General government:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety:																
Personal services	-	-	-	-	5,000	5,000	530	4,470	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	43,800	39,544	42,147	(2,603)	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	53,432	48,858	29,165	19,693	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	20,000	17,307	76,198	(58,891)	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	122,232	110,709	148,040	(37,331)	-	-	-	-	-	-	-	-
Highways and streets:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	1,119,160	1,119,160	1,122,738	(3,578)
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	213,914	212,880	10,318	202,562
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	65,339	57,168	47,688	9,480
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	1,398,413	1,389,208	1,180,744	208,464
Sanitation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total sanitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Emergency Shelter				Ambulance Nonreverting				Empowerment Zone				Local Road and Streets			
			Actual	Variance			Actual	Variance			Actual	Variance			Actual	Variance
	Budgeted Amounts	Budgetary Basis	With Final Budget Positive	(Negative)	Budgeted Amounts	Budgetary Basis	With Final Budget Positive	(Negative)	Budgeted Amounts	Budgetary Basis	With Final Budget Positive	(Negative)	Budgeted Amounts	Budgetary Basis	With Final Budget Positive	(Negative)
	Original	Final	Amounts		Original	Final	Amounts		Original	Final	Amounts		Original	Final	Amounts	
Expenditures (continued):																
Current (continued):																
Health and welfare:																
Personal services	336,847	336,847	308,709	28,138	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	87,853	85,459	57,782	27,677	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	145,205	263,475	192,625	70,850	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	20,861	18,449	2,412	-	-	-	-	-	-	-	-	-	-	-	-
Total health and welfare	569,905	706,642	577,565	129,077	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing:																
Personal services	-	-	-	-	-	-	-	-	567,992	567,992	513,029	54,963	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	57,100	57,100	16,825	40,275	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	6,575,049	6,573,349	1,697,178	4,876,171	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	14,050	14,050	10,777	3,273	-	-	-	-
Total urban redevelopment and housing	-	-	-	-	-	-	-	-	7,214,191	7,212,491	2,237,809	4,974,682	-	-	-	-
Total expenditures	569,905	706,642	577,565	129,077	122,232	110,709	148,040	(37,331)	7,214,191	7,212,491	2,237,809	4,974,682	1,398,413	1,389,208	1,180,744	208,464
Other financing sources (uses):																
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	(8,000)	(8,000)	(8,000)	-	-	-	-	-
Tax anticipation warrant proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(8,000)	(8,000)	(8,000)	-	-	-	-	-
Net change in fund balances	(569,905)	(706,642)	43,233	749,875	(122,232)	(110,709)	135,226	245,935	(7,222,191)	(7,220,491)	119,008	7,339,499	(194,513)	(185,308)	147,120	332,428
Fund balances - beginning	-	-	(3,073)	(3,073)	-	-	212,691	212,691	-	-	15,583	15,583	-	-	-	-
Fund balances - December 31	<u>\$ (569,905)</u>	<u>\$ (706,642)</u>	<u>\$ 40,160</u>	<u>\$ 746,802</u>	<u>\$ (122,232)</u>	<u>\$ (110,709)</u>	<u>\$ 347,917</u>	<u>\$ 458,626</u>	<u>\$ (7,222,191)</u>	<u>\$ (7,220,491)</u>	<u>\$ 134,591</u>	<u>\$ 7,355,082</u>	<u>\$ (194,513)</u>	<u>\$ (185,308)</u>	<u>\$ 147,120</u>	<u>\$ 332,428</u>
<u>Budget/GAAP Reconciliation</u>																
Net change in fund balance, budgetary basis			\$ 43,233				\$ 135,226				\$ 119,008				\$ 147,120	
To adjust revenues for accruals			(88,558)				226,524				(103,775)				305,427	
To adjust expenditures for accruals			10,913				(2,676)				7,088				(683,821)	
Net change in fund balance, GAAP basis			<u>\$ (34,412)</u>				<u>\$ 359,074</u>				<u>\$ 22,321</u>				<u>\$ (231,274)</u>	

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CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Motor Vehicle Highway				Solid Waste Recycling Project				Environmental Management				Health and Human Services			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Revenues:																
Taxes:																
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,473,969	2,473,969	3,190,575	716,606	-	-	549,996	549,996	-	-	47,696	47,696	-	-	813,510	813,510
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,602	48,602
Other	18,000	18,000	1,694	(16,306)	-	-	-	-	-	-	-	-	-	-	15,533	15,533
Total revenues	2,491,969	2,491,969	3,192,269	700,300	-	-	549,996	549,996	-	-	47,696	47,696	-	-	877,645	877,645
Expenditures:																
Current:																
General government:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets:																
Personal services	669,420	669,420	642,021	27,399	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	266,475	247,105	235,596	11,509	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	4,099,683	3,402,227	3,357,247	44,980	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	174,000	152,612	124,899	27,713	-	-	-	-	-	-	-	-	-	-	-	-
Total highways and streets	5,209,578	4,471,364	4,359,763	111,601	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation:																
Personal services	-	-	-	-	698,124	698,124	723,388	(25,264)	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	24,683	21,395	13,258	8,137	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	25,111	20,110	33,196	(13,086)	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	7,256	(7,256)	-	-	-	-	-	-	-	-
Total sanitation	-	-	-	-	747,918	739,629	777,098	(37,469)	-	-	-	-	-	-	-	-

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CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Motor Vehicle Highway				Solid Waste Recycling Project				Environmental Management				Health and Human Services			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Expenditures (continued):																
Current (continued):																
Health and welfare:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	716,062	716,062	616,410	99,652
Supplies	-	-	-	-	-	-	-	-	10,194	-	8,028	(8,028)	13,502	7,881	42,914	(35,033)
Other services and charges	-	-	-	-	-	-	-	-	46,000	43,280	41,681	1,599	431,531	418,591	267,616	150,975
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	20,970	20,320	1,350	18,970
Total health and welfare	-	-	-	-	-	-	-	-	56,194	43,280	49,709	(6,429)	1,182,065	1,162,854	928,290	234,564
Culture and recreation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total culture and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Urban redevelopment and housing:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total urban redevelopment and housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	5,209,578	4,471,364	4,359,763	111,601	747,918	739,629	777,098	(37,469)	56,194	43,280	49,709	(6,429)	1,182,065	1,162,854	928,290	234,564
Other financing sources (uses):																
Operating transfers in	-	-	-	-	277,000	277,000	277,000	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant repayments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	277,000	277,000	277,000	-	-	-	-	-	-	-	-	-
Net change in fund balances	(2,717,609)	(1,979,395)	(1,167,494)	811,901	(470,918)	(462,629)	49,898	512,527	(56,194)	(43,280)	(2,013)	41,267	(1,182,065)	(1,162,854)	(50,645)	1,112,209
Fund balances - beginning	-	-	1,557,525	1,557,525	-	-	(34,166)	(34,166)	-	-	13,097	13,097	-	-	100,771	100,771
Fund balances - December 31	<u>\$ (2,717,609)</u>	<u>\$ (1,979,395)</u>	<u>\$ 390,031</u>	<u>\$ 2,369,426</u>	<u>\$ (470,918)</u>	<u>\$ (462,629)</u>	<u>\$ 15,732</u>	<u>\$ 478,361</u>	<u>\$ (56,194)</u>	<u>\$ (43,280)</u>	<u>\$ 11,084</u>	<u>\$ 54,364</u>	<u>\$ (1,182,065)</u>	<u>\$ (1,162,854)</u>	<u>\$ 50,126</u>	<u>\$ 1,212,980</u>

Budget/GAAP Reconciliation

Net change in fund balance, budgetary basis	\$ (1,167,494)	\$ 49,898	\$ (2,013)	\$ (50,645)
To adjust revenues for accruals	15,880	-	-	82,531
To adjust expenditures for accruals	<u>289,614</u>	<u>(10,200)</u>	<u>(13,755)</u>	<u>(12,425)</u>
Net change in fund balance, GAAP basis	<u>\$ (862,000)</u>	<u>\$ 39,698</u>	<u>\$ (15,768)</u>	<u>\$ 19,461</u>

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CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	HIV Substance Abuse Prevention				Park and Recreation				Community Development Block Grant				Redevelopment Operating			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Revenues:																
Taxes:																
Property	\$ -	\$ -	\$ -	\$ -	\$ 5,399,771	\$ 5,399,771	\$ 3,018,976	\$ (2,380,795)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 374,669	\$ 374,669
Intergovernmental	-	-	102,381	102,381	-	-	121,503	121,503	-	-	4,443,913	4,443,913	-	-	7,029	7,029
Charges for services	-	-	-	-	-	-	34,489	34,489	-	-	7,332	7,332	-	-	-	-
Other	-	-	-	-	256,547	256,547	3,099	(253,448)	-	-	180,831	180,831	-	-	204,319	204,319
Total revenues	-	-	102,381	102,381	5,656,318	5,656,318	3,178,067	(2,478,251)	-	-	4,632,076	4,632,076	-	-	586,017	586,017
Expenditures:																
Current:																
General government:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation:																
Personal services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total sanitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	HIV Substance Abuse Prevention				Park and Recreation				Community Development Block Grant				Redevelopment Operating			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final			Original	Final		
Expenditures (continued):																
Current (continued):																
Health and welfare:																
Personal services	105,707	105,707	100,804	4,903	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	2,363	2,363	1,956	407	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	6,530	6,530	3,703	2,827	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total health and welfare	114,600	114,600	106,463	8,137	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation:																
Personal services	-	-	-	-	3,869,096	3,639,096	3,059,144	579,952	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	260,463	310,428	173,068	137,360	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	630,087	810,087	1,487,397	(677,310)	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total culture and recreation	-	-	-	-	4,759,646	4,759,611	4,719,609	40,002	-	-	-	-	-	-	-	-
Urban redevelopment and housing:																
Personal services	-	-	-	-	-	-	-	-	1,617,560	1,617,560	1,518,258	99,302	201,419	201,419	202,432	(1,013)
Supplies	-	-	-	-	-	-	-	-	167,125	145,490	73,312	72,178	6,000	6,000	4,877	1,123
Other services and charges	-	-	-	-	-	-	-	-	2,901,447	2,310,556	2,472,723	(162,167)	116,650	116,650	182,510	(65,860)
Capital outlay	-	-	-	-	-	-	-	-	142,799	142,799	333,273	(190,474)	13,000	113,000	633	112,367
Total urban redevelopment and housing	-	-	-	-	-	-	-	-	4,828,931	4,216,405	4,397,566	(181,161)	337,069	437,069	390,452	46,617
Total expenditures	114,600	114,600	106,463	8,137	4,759,646	4,759,611	4,719,609	40,002	4,828,931	4,216,405	4,397,566	(181,161)	337,069	437,069	390,452	46,617
Other financing sources (uses):																
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant proceeds	-	-	-	-	3,260,263	3,260,263	3,260,263	-	-	-	-	-	-	-	-	-
Tax anticipation warrant repayments	-	-	-	-	(1,749,497)	(1,749,497)	(1,749,497)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,510,766	1,510,766	1,510,766	-	-	-	-	-	-	-	-	-
Net change in fund balances	(114,600)	(114,600)	(4,082)	110,518	2,407,438	2,407,473	(30,776)	(2,438,249)	(4,828,931)	(4,216,405)	234,510	4,450,915	(337,069)	(437,069)	195,565	632,634
Fund balances - beginning	-	-	2,819	2,819	-	-	277,109	277,109	-	-	69,438	69,438	-	-	236,317	236,317
Fund balances - December 31	<u>\$ (114,600)</u>	<u>\$ (114,600)</u>	<u>\$ (1,263)</u>	<u>\$ 113,337</u>	<u>\$ 2,407,438</u>	<u>\$ 2,407,473</u>	<u>\$ 246,333</u>	<u>\$ (2,161,140)</u>	<u>\$ (4,828,931)</u>	<u>\$ (4,216,405)</u>	<u>\$ 303,948</u>	<u>\$ 4,520,353</u>	<u>\$ (337,069)</u>	<u>\$ (437,069)</u>	<u>\$ 431,882</u>	<u>\$ 868,951</u>

Budget/GAAP Reconciliation

Net change in fund balance, budgetary basis	\$ (4,082)	\$ (30,776)	\$ 234,510	\$ 195,565
To adjust revenues for accruals	1,181	(62,154)	(77,551)	(152,046)
To adjust expenditures for accruals	<u>(1,070)</u>	<u>(849,777)</u>	<u>(224,057)</u>	<u>417</u>
Net change in fund balance, GAAP basis	<u>\$ (3,971)</u>	<u>\$ (942,707)</u>	<u>\$ (67,098)</u>	<u>\$ 43,936</u>

Continued on next page

CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Fair Housing Project				Genesis Convention Center II				Media			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ 1,299,557	\$ 1,299,557	\$ 1,629,358	\$ 329,801	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	101,260	101,260	-	-	65,575	65,575	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	361,090	361,090
Other	-	-	16,878	16,878	92,800	92,800	-	(92,800)	-	-	-	-
Total revenues	-	-	118,138	118,138	1,392,357	1,392,357	1,694,933	302,576	-	-	361,090	361,090
Expenditures:												
Current:												
General government:												
Personal services	-	-	-	-	-	-	-	-	64,493	64,493	24,949	39,544
Supplies	-	-	-	-	-	-	-	-	45,580	42,452	6,449	36,003
Other services and charges	-	-	-	-	-	-	-	-	139,494	136,429	63,586	72,843
Capital outlay	-	-	-	-	-	-	-	-	12,000	12,000	13,863	(1,863)
Total general government	-	-	-	-	-	-	-	-	261,567	255,374	108,847	146,527
Public safety:												
Personal services	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets:												
Personal services	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total highways and streets	-	-	-	-	-	-	-	-	-	-	-	-
Sanitation:												
Personal services	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total sanitation	-	-	-	-	-	-	-	-	-	-	-	-

Continued on next page

CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Fair Housing Project				Genesis Convention Center II				Media			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Expenditures (continued):												
Current (continued):												
Health and welfare:												
Personal services	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total health and welfare	-	-	-	-	-	-	-	-	-	-	-	-
Culture and recreation:												
Personal services	-	-	-	-	1,072,502	1,072,502	769,386	303,116	-	-	-	-
Supplies	-	-	-	-	18,350	18,235	10,401	7,834	-	-	-	-
Other services and charges	-	-	-	-	896,972	849,235	758,259	90,976	-	-	-	-
Capital outlay	-	-	-	-	320,000	246,711	118,491	128,220	-	-	-	-
Total culture and recreation	-	-	-	-	2,307,824	2,186,683	1,656,537	530,146	-	-	-	-
Urban redevelopment and housing:												
Personal services	25,848	25,848	28,940	(3,092)	-	-	-	-	-	-	-	-
Supplies	15,088	13,135	1,405	11,730	-	-	-	-	-	-	-	-
Other services and charges	69,552	47,736	53,294	(5,558)	-	-	-	-	-	-	-	-
Capital outlay	15,000	15,000	13,603	1,397	-	-	-	-	-	-	-	-
Total urban redevelopment and housing	125,488	101,719	97,242	4,477	-	-	-	-	-	-	-	-
Total expenditures	125,488	101,719	97,242	4,477	2,307,824	2,186,683	1,656,537	530,146	261,567	255,374	108,847	146,527
Other financing sources (uses):												
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Tax anticipation warrant proceeds	-	-	-	-	1,027,646	1,027,646	1,027,646	-	-	-	-	-
Tax anticipation warrant repayments	-	-	-	-	(858,201)	(858,201)	(858,201)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	169,445	169,445	169,445	-	-	-	-	-
Net change in fund balances	(125,488)	(101,719)	20,896	122,615	(746,022)	(624,881)	207,841	832,722	(261,567)	(255,374)	252,243	507,617
Fund balances - beginning	-	-	234,526	234,526	-	-	387,327	387,327	-	-	98,601	98,601
Fund balances - December 31	<u>\$ (125,488)</u>	<u>\$ (101,719)</u>	<u>\$ 255,422</u>	<u>\$ 357,141</u>	<u>\$ (746,022)</u>	<u>\$ (624,881)</u>	<u>\$ 595,168</u>	<u>\$ 1,220,049</u>	<u>\$ (261,567)</u>	<u>\$ (255,374)</u>	<u>\$ 350,844</u>	<u>\$ 606,218</u>

Budget/GAAP Reconciliation

Net change in fund balance, budgetary basis	\$ 20,896	\$ 207,841	\$ 252,243
To adjust revenues for accruals	-	(228,430)	(1,467)
To adjust expenditures for accruals	(3,555)	(447,690)	(2,125)
Net change in fund balance, GAAP basis	<u>\$ 17,341</u>	<u>\$ (468,279)</u>	<u>\$ 248,651</u>

Continued on next page

CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Empowerment Zone Revolving Loan				Empowerment Zone Micro Loan			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	156,489	156,489	-	-	2,150	2,150
Other	-	-	-	-	-	-	18	18
Total revenues	-	-	156,489	156,489	-	-	2,168	2,168
Expenditures:								
Current:								
General government:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total general government	-	-	-	-	-	-	-	-
Public safety:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total public safety	-	-	-	-	-	-	-	-
Highways and streets:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total highways and streets	-	-	-	-	-	-	-	-
Sanitation:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total sanitation	-	-	-	-	-	-	-	-

Continued on next page

CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2003  
(Continued)

	Empowerment Zone Revolving Loan				Empowerment Zone Micro Loan			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)	Original	Final	Amounts	(Negative)
Expenditures (continued):								
Current (continued):								
Health and welfare:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total health and welfare	-	-	-	-	-	-	-	-
Culture and recreation:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	488,000	488,000	14,102	473,898	240,000	240,000	71,316	168,684
Capital outlay	-	-	-	-	-	-	-	-
Total urban redevelopment and housing	488,000	488,000	14,102	473,898	240,000	240,000	71,316	168,684
Total expenditures	488,000	488,000	14,102	473,898	240,000	240,000	71,316	168,684
Other financing sources (uses):								
Operating transfers in	8,000	8,000	8,000	-	100,000	100,000	100,000	-
Operating transfers out	(100,000)	(100,000)	(100,000)	-	-	-	-	-
Tax anticipation warrant proceeds	-	-	-	-	-	-	-	-
Tax anticipation warrant repayments	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(92,000)	(92,000)	(92,000)	-	100,000	100,000	100,000	-
Net change in fund balances	(580,000)	(580,000)	50,387	630,387	(140,000)	(140,000)	30,852	170,852
Fund balances - beginning	-	-	94,038	94,038	-	-	993	993
Fund balances - December 31	<u>\$ (580,000)</u>	<u>\$ (580,000)</u>	<u>\$ 144,425</u>	<u>\$ 724,425</u>	<u>\$ (140,000)</u>	<u>\$ (140,000)</u>	<u>\$ 31,845</u>	<u>\$ 171,845</u>

Budget/GAAP Reconciliation

Net change in fund balance, budgetary basis	\$ 50,387	\$ 30,852
To adjust revenues for accruals	(25,264)	66,316
To adjust expenditures for accruals	3,775	(35,000)
Net change in fund balance, GAAP basis	<u>\$ 28,898</u>	<u>\$ 62,168</u>

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### **NONMAJOR DEBT SERVICE FUNDS**

Judgment Bonds - 1994	To account for the accumulation of resources for and payment of the 1994 judgment bond of the City.
Fifth-Third Lease	To account for the accumulation of resources for and payments required under a capital lease agreement.

CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
December 31, 2003

	Judgment Bonds - 1994	Fifth-Third Lease	Totals
<u>Assets</u>			
Restricted assets:			
Cash and cash equivalents	\$ 234	\$ -	\$ 234
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Interfund payable:			
Interfund loan	\$ -	\$ 895,620	\$ 895,620
Fund balances:			
Reserved for:			
Debt service funds	234	-	234
Unreserved, reported in:			
Debt service funds	-	(895,620)	(895,620)
Total fund balances	234	(895,620)	(895,386)
Total liabilities and fund balances	\$ 234	\$ -	\$ 234



CITY OF GARY, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 For The Year Ended December 31, 2003

	Judgment Bonds - 1994	Fifth-Third Lease	Totals
Revenues	\$ -	\$ -	\$ -
Expenditures:			
Debt service:			
Principal	-	813,936	813,936
Interest	-	81,684	81,684
Total expenditures	-	895,620	895,620
Deficiency of revenues under expenditures	-	(895,620)	(895,620)
Net change in fund balances	-	(895,620)	(895,620)
Fund balances - beginning	234	-	234
Fund balances - ending	\$ 234	\$ (895,620)	\$ (895,386)

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## NONMAJOR CAPITAL PROJECTS FUNDS

Cumulative Capital Improvement	To account for resources derived from cigarette taxes to provide for the cost of major capital improvements.
Cumulative Capital Development	To account for resources derived from property taxes to provide for the cost of major capital facilities.
UMTA Economic Development Construction	To account for financial resources related to transportation and economic development projects of a capital nature.
Casino Redevelopment	To account the bond proceeds and expenditures related to redevelopment bond construction and renovation projects.
Broadway Avenue Beautification	To account for revenues and expenditures used to complete the Broadway Avenue Beautification Project.
15th and Fulton Project	To account for financial resources related to the 15th Street and Fulton Street Project.
Lake Street Public Works Improvement	To account for financial resources related to the Lake Street Development Project.
Burr Street Project	To account for financial resources related to the Burr Street Project.
Grant/Buchanan Street Project	To account for financial resources related to the Grant and Buchanan Street Project.
Park Construction	To account for financial resources related to projects constructed wholly or in part from park bond issue proceeds.
Redevelopment Construction	To account for financial resources related to projects constructed wholly or in part from redevelopment bond issue proceeds.
Mainwater Project	To account for funds used in the construction of a main water line extension program.
Casino Capital	To account for resources derived from State of Indiana gaming taxes to provide for the cost of major capital improvements.
Buffington Renovation	To account for expenditures related to the renovation of park pools and pavilions for the Buffington Harbor parks. Such expenditures will be reimbursed through grant proceeds from the National Park Service.
Federal Emergency Management Administration Grant Fire Department	A nonreverting Fund established for the City of Gary Fire Department for the purpose of maintenance and replacement of equipment for the continuous operation of the City of Gary Fire Department.

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CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
December 31, 2003

	Cumulative Capital Improvement	Cumulative Capital Development	UMTA Economic Development Construction	Casino Redevelopment	Broadway Avenue Beautification	15th and Fulton Project	Lake Street Public Works Improvement	Burr Street Project
<u>Assets</u>								
Cash and cash equivalents	\$ -	\$ 432,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:								
Taxes	-	125,994	-	-	-	-	-	-
Intergovernmental	-	4,731	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	274,202	-	2,256	2,152,084	1,976	3,459	39,156	303,319
Interest receivable	-	-	-	1,558	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	9,500
Intergovernmental receivable	66,044	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 340,246</b>	<b>\$ 563,226</b>	<b>\$ 2,256</b>	<b>\$ 2,153,642</b>	<b>\$ 1,976</b>	<b>\$ 3,459</b>	<b>\$ 39,156</b>	<b>\$ 312,819</b>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ 587,991	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	130,725	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	117,747	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-	-
Deferred revenue	66,044	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>183,791</b>	<b>718,716</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:								
Reserved for:								
Encumbrances	125,549	409,830	-	-	-	-	-	-
Unreserved, reported in:								
Capital projects funds	30,906	(565,320)	2,256	2,153,642	1,976	3,459	39,156	312,819
<b>Total fund balances</b>	<b>156,455</b>	<b>(155,490)</b>	<b>2,256</b>	<b>2,153,642</b>	<b>1,976</b>	<b>3,459</b>	<b>39,156</b>	<b>312,819</b>
<b>Total liabilities and fund balances</b>	<b>\$ 340,246</b>	<b>\$ 563,226</b>	<b>\$ 2,256</b>	<b>\$ 2,153,642</b>	<b>\$ 1,976</b>	<b>\$ 3,459</b>	<b>\$ 39,156</b>	<b>\$ 312,819</b>

Continued on next page

CITY OF GARY, INDIANA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
December 31, 2003  
(Continued)

	Grant/ Buchanan Street Project	Park Construction	Redevelopment Construction	Mainwater Project	Casino Capital	Buffington Renovation	Federal Emergency Management Administration Grant Fire Department	Totals
<u>Assets</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,574	\$ 274,612	\$ -	\$ -	\$ 710,687
Receivables:								
Taxes	-	-	-	-	-	-	-	125,994
Intergovernmental	-	-	-	96,721	43,361	-	-	144,813
Restricted assets:								
Cash and cash equivalents	398,855	18,592	38,689	-	-	-	54,320	3,286,908
Interest receivable	-	-	-	-	-	-	-	1,558
Accounts receivable	-	-	-	-	-	-	-	9,500
Intergovernmental receivable	25,884	-	-	-	-	54,981	-	146,909
Total assets	<u>\$ 424,739</u>	<u>\$ 18,592</u>	<u>\$ 38,689</u>	<u>\$ 100,295</u>	<u>\$ 317,973</u>	<u>\$ 54,981</u>	<u>\$ 54,320</u>	<u>\$ 4,426,369</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 254,112	\$ 1,544,400	\$ -	\$ -	\$ 2,386,503
Deferred revenue	-	-	-	-	-	-	-	130,725
Payable from restricted assets:								
Accounts payable	106,114	4,260	-	-	-	80	-	228,201
Interfund payable	-	-	-	-	-	18,814	-	18,814
Deferred revenue	-	-	-	-	-	-	-	66,044
Total liabilities	<u>106,114</u>	<u>4,260</u>	<u>-</u>	<u>254,112</u>	<u>1,544,400</u>	<u>18,894</u>	<u>-</u>	<u>2,830,287</u>
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	2,840,693	-	-	3,376,072
Unreserved, reported in:								
Capital projects funds	<u>318,625</u>	<u>14,332</u>	<u>38,689</u>	<u>(153,817)</u>	<u>(4,067,120)</u>	<u>36,087</u>	<u>54,320</u>	<u>(1,779,990)</u>
Total fund balances	<u>318,625</u>	<u>14,332</u>	<u>38,689</u>	<u>(153,817)</u>	<u>(1,226,427)</u>	<u>36,087</u>	<u>54,320</u>	<u>1,596,082</u>
Total liabilities and fund balances	<u>\$ 424,739</u>	<u>\$ 18,592</u>	<u>\$ 38,689</u>	<u>\$ 100,295</u>	<u>\$ 317,973</u>	<u>\$ 54,981</u>	<u>\$ 54,320</u>	<u>\$ 4,426,369</u>

CITY OF GARY, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
For The Year Ended December 31, 2003

	Cumulative Capital Improvement	Cumulative Capital Development	UMTA Economic Development Construction	Casino Redevelopment	Broadway Avenue Beautification	15th and Fulton Project	Lake Street Public Works Improvement	Burr Street Project
Revenues:								
Taxes:								
Property	\$ -	\$ 390,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	371,434	16,066	-	-	-	-	-	21,257
Other	-	-	-	702,360	-	-	-	13,628
Total revenues	<u>371,434</u>	<u>407,051</u>	<u>-</u>	<u>702,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,885</u>
Expenditures:								
Capital outlay:								
General government	530,020	801,186	-	12,439,061	-	-	-	-
Highways and streets	-	-	-	-	32,000	-	34,960	137,973
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Total expenditures	<u>530,020</u>	<u>801,186</u>	<u>-</u>	<u>12,439,061</u>	<u>32,000</u>	<u>-</u>	<u>34,960</u>	<u>137,973</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,586)</u>	<u>(394,135)</u>	<u>-</u>	<u>(11,736,701)</u>	<u>(32,000)</u>	<u>-</u>	<u>(34,960)</u>	<u>(103,088)</u>
Other financing sources (uses):								
Transfers in	-	-	-	4,789,051	-	-	-	-
Transfers out	-	-	-	(883,000)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,906,051</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(158,586)	(394,135)	-	(7,830,650)	(32,000)	-	(34,960)	(103,088)
Fund balances - beginning	<u>315,041</u>	<u>238,645</u>	<u>2,256</u>	<u>9,984,292</u>	<u>33,976</u>	<u>3,459</u>	<u>74,116</u>	<u>415,907</u>
Fund balances - ending	<u>\$ 156,455</u>	<u>\$ (155,490)</u>	<u>\$ 2,256</u>	<u>\$ 2,153,642</u>	<u>\$ 1,976</u>	<u>\$ 3,459</u>	<u>\$ 39,156</u>	<u>\$ 312,819</u>

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CITY OF GARY, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 For The Year Ended December 31, 2003  
 (Continued)

	Grant/ Buchanan Street Project	Park Construction	Redevelopment Construction	Mainwater Project	Casino Capital	Buffington Renovation	Federal Emergency Management Administration Grant Fire Department	Totals
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390,985
Intergovernmental	155,204	-	-	1,164,233	1,026,285	54,981	54,320	2,863,780
Other	4,058	29,358	-	-	256,271	-	-	1,005,675
Total revenues	159,262	29,358	-	1,164,233	1,282,556	54,981	54,320	4,260,440
Expenditures:								
Capital outlay:								
General government	-	-	-	-	-	-	-	13,770,267
Highways and streets	929,968	-	-	-	-	-	-	1,134,901
Sanitation	-	-	-	1,087,719	-	-	-	1,087,719
Culture and recreation	-	30,800	-	-	-	-	-	30,800
Urban redevelopment and housing	-	-	-	-	7,506,641	43,497	-	7,550,138
Total expenditures	929,968	30,800	-	1,087,719	7,506,641	43,497	-	23,573,825
Excess (deficiency) of revenues over (under) expenditures	(770,706)	(1,442)	-	76,514	(6,224,085)	11,484	54,320	(19,313,385)
Other financing sources (uses):								
Transfers in	715,000	-	-	-	5,391,073	-	-	10,895,124
Transfers out	-	-	-	-	(780,000)	-	-	(1,663,000)
Total other financing sources and uses	715,000	-	-	-	4,611,073	-	-	9,232,124
Net change in fund balances	(55,706)	(1,442)	-	76,514	(1,613,012)	11,484	54,320	(10,081,261)
Fund balances - beginning	374,331	15,774	38,689	(230,331)	386,585	24,603	-	11,677,343
Fund balances - ending	\$ 318,625	\$ 14,332	\$ 38,689	\$ (153,817)	\$ (1,226,427)	\$ 36,087	\$ 54,320	\$ 1,596,082



CITY OF GARY, INDIANA  
BUDGETARY COMPARISON SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS  
For The Year Ended December 31, 2003

	Cumulative Capital Improvement				Cumulative Capital Development				Casino Capital			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final			Original	Final		
Revenues:												
Taxes:												
Property	\$ -	\$ -	\$ -	\$ -	\$ 515,953	\$ 515,953	\$ 399,204	\$ (116,749)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	371,434	371,434	-	-	16,066	16,066	-	-	982,924	982,924
Other	403,879	403,879	-	(403,879)	24,400	24,400	-	(24,400)	-	-	256,552	256,552
Total revenues	403,879	403,879	371,434	(32,445)	540,353	540,353	415,270	(125,083)	-	-	1,239,476	1,239,476
Expenditures:												
Capital outlay												
General government:												
Other services and charges	-	-	-	-	-	-	39,152	(39,152)	-	-	-	-
Capital outlay	603,391	477,842	412,411	65,431	684,490	274,660	176,427	98,233	-	-	-	-
Total general government	603,391	477,842	412,411	65,431	684,490	274,660	215,579	59,081	-	-	-	-
Urban redevelopment and housing:												
Other services and charges	-	-	-	-	-	-	-	-	484,621	460,812	857,979	(397,167)
Capital outlay	-	-	-	-	-	-	-	-	28,448,312	25,631,428	6,175,477	19,455,951
Total urban redevelopment and housing	-	-	-	-	-	-	-	-	28,932,933	26,092,240	7,033,456	19,058,784
Total expenditures	603,391	477,842	412,411	65,431	684,490	274,660	215,579	59,081	28,932,933	26,092,240	7,033,456	19,058,784
Other financing sources (uses):												
Operating transfers in	-	-	-	-	-	-	-	-	5,391,074	5,391,074	5,391,074	-
Operating transfers out	-	-	-	-	-	-	-	-	(780,000)	(780,000)	(780,000)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	4,611,074	4,611,074	4,611,074	-
Net change in fund balances	(199,512)	(73,963)	(40,977)	32,986	(144,137)	265,693	199,691	(66,002)	(24,321,859)	(21,481,166)	(1,182,906)	20,298,260
Fund balances - beginning	-	-	315,179	315,179	-	-	232,810	232,810	-	-	1,457,518	1,457,518
Fund balances - December 31	\$ (199,512)	\$ (73,963)	\$ 274,202	\$ 348,165	\$ (144,137)	\$ 265,693	\$ 432,501	\$ 166,808	\$ (24,321,859)	\$ (21,481,166)	\$ 274,612	\$ 21,755,778
<u>Budget/GAAP Reconciliation</u>												
Net change in fund balance, budgetary basis			\$ (40,977)				\$ 199,691				\$ (1,182,906)	
To adjust revenues for accruals			-				(8,219)				43,080	
To adjust expenditures for accruals			(117,609)				(585,607)				(473,186)	
Net change in fund balance, GAAP basis			\$ (158,586)				\$ (394,135)				\$ (1,613,012)	

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## **INTERNAL SERVICE FUNDS**

Self-Insurance

To account for revenues and expenses related to the group health insurance program.

Unemployment/Workmen's  
Compensation

To account for revenues and expenses related to the unemployment and workmen's compensation programs.

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CITY OF GARY, INDIANA  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
December 31, 2003

<u>Assets</u>	<u>Self- Insurance</u>	<u>Unemployment/ Workmen's Compensation</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ -	\$ 644	\$ 644
Accounts receivable	2,733	-	2,733
Employer contributions receivable	797,534	175,228	972,762
Employee contributions receivable	<u>3,634</u>	<u>-</u>	<u>3,634</u>
Total assets	<u>803,901</u>	<u>175,872</u>	<u>979,773</u>
<u>Liabilities</u>			
Current liabilities:			
Estimated claims payable	1,683,636	151,027	1,834,663
Interfund payable	<u>623,196</u>	<u>-</u>	<u>623,196</u>
Total liabilities	<u>2,306,832</u>	<u>151,027</u>	<u>2,457,859</u>
<u>Net Assets</u>			
Unrestricted	<u>(1,502,931)</u>	<u>24,845</u>	<u>(1,478,086)</u>
Total net assets	<u>\$ (1,502,931)</u>	<u>\$ 24,845</u>	<u>\$ (1,478,086)</u>

CITY OF GARY, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2003

	Self- Insurance	Unemployment/ Workmen's Compensation	Total
Operating revenues:			
Employer contributions	\$ 8,683,144	\$ 1,171,392	\$ 9,854,536
Employee contributions	129,230	-	129,230
Other	<u>15,639</u>	<u>79</u>	<u>15,718</u>
Total operating revenues	<u>8,828,013</u>	<u>1,171,471</u>	<u>9,999,484</u>
Operating expenses:			
Insurance claims and premiums	<u>9,040,080</u>	<u>829,472</u>	<u>9,869,552</u>
Change in net assets	(212,067)	341,999	129,932
Total net assets - beginning	<u>(1,290,864)</u>	<u>(317,154)</u>	<u>(1,608,018)</u>
Total net assets - ending	<u><u>\$ (1,502,931)</u></u>	<u><u>\$ 24,845</u></u>	<u><u>\$ (1,478,086)</u></u>

CITY OF GARY, INDIANA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For The Year Ended December 31, 2003

	Self- Insurance	Unemployment/ Workmen's Compensation	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 613,311	\$ -	\$ 613,311
Receipts from interfund services provided	7,887,706	996,243	8,883,949
Payments to providers and insurers	<u>(8,530,492)</u>	<u>(747,041)</u>	<u>(9,277,533)</u>
Net cash provided by operating activities	<u>(29,475)</u>	<u>249,202</u>	<u>219,727</u>
Cash flows from noncapital financing activities:			
Loans from other funds	400,000	-	400,000
Loans repaid to other funds	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>
Net cash provided by noncapital financing activities	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net increase in cash and cash equivalents	70,525	249,202	319,727
Cash and cash equivalents, January 1	<u>(293,721)</u>	<u>(248,558)</u>	<u>(542,279)</u>
Cash and cash equivalents, December 31	<u><u>\$ (223,196)</u></u>	<u><u>\$ 644</u></u>	<u><u>\$ (222,552)</u></u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ (212,067)</u>	<u>\$ 341,999</u>	<u>\$ 129,932</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
(Increase) decrease in assets:			
Accounts receivable	(637)	-	(637)
Employer contributions receivable	(328,935)	(175,228)	(504,163)
Employee contributions receivable	2,576	-	2,576
Increase in liabilities:			
Claims payable	<u>509,588</u>	<u>82,431</u>	<u>592,019</u>
Total adjustments	<u>182,592</u>	<u>(92,797)</u>	<u>89,795</u>
Net cash provided by operating activities	<u><u>\$ (29,475)</u></u>	<u><u>\$ 249,202</u></u>	<u><u>\$ 219,727</u></u>

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## **FIDUCIARY FUNDS**

### **Pension Trust Funds**

Police Pension	To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state cigarette tax distributions, and a specific annual property tax levy.
Fire Pension	To account for the provision of retirement and disability benefits to fire-fighters hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state cigarette tax distributions, and a specific annual property tax levy.

### **Agency Funds**

Payroll	To account for accumulation of payroll withholdings to be remitted to various agencies for the stated purpose.
Redevelopment District Trust	To account for funds held in a fiduciary capacity for the Redevelopment Department.
City Clerk Civil	To account for funds held in a fiduciary capacity in civil cases for the City Clerk's office.
City Clerk Criminal	To account for funds held in a fiduciary capacity in criminal cases for the City Clerk's office.
County Health	To account for funds held in a fiduciary capacity for the county health program.
Hope VI Trust	To account for funds provided and transferred for a housing project.
Indiana Bond Bank	To account for tax anticipation warrant principal proceeds and repayments.
Miscellaneous Refunds	To account for funds held in a fiduciary capacity for the refund of premiums paid.

CITY OF GARY, INDIANA  
COMBINING STATEMENT OF NET ASSETS  
PENSION TRUST FUNDS  
December 31, 2003

<u>Assets</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Cash and cash equivalents	\$ 317,919	\$ 274,296	\$ 592,215
Receivables:			
Accounts receivable	3,800,000	3,400,000	7,200,000
Interfund receivable	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total receivables	<u>4,800,000</u>	<u>3,400,000</u>	<u>8,200,000</u>
Total assets	<u>5,117,919</u>	<u>3,674,296</u>	<u>8,792,215</u>
<u>Liabilities</u>			
Accounts payable	729,862	1,012,236	1,742,098
Interfund payable	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total liabilities	<u>729,862</u>	<u>2,012,236</u>	<u>2,742,098</u>
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits	<u>4,388,057</u>	<u>1,662,060</u>	<u>6,050,117</u>
Total net assets	<u>\$ 4,388,057</u>	<u>\$ 1,662,060</u>	<u>\$ 6,050,117</u>

CITY OF GARY, INDIANA  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2003

<u>Additions</u>	Police Pension	Fire Pension	Totals
Contributions:			
Employer contributions	\$ 4,998,760	\$ 3,009,863	\$ 8,008,623
Plan members	<u>171,418</u>	<u>128,564</u>	<u>299,982</u>
Total contributions	<u>5,170,178</u>	<u>3,138,427</u>	<u>8,308,605</u>
Investment income:			
Interest	<u>15,465</u>	<u>15,465</u>	<u>30,930</u>
Total additions	<u>5,185,643</u>	<u>3,153,892</u>	<u>8,339,535</u>
<u>Deductions</u>			
Benefits	4,820,949	4,764,341	9,585,290
Administrative expense	<u>222</u>	<u>526</u>	<u>748</u>
Total deductions	<u>4,821,171</u>	<u>4,764,867</u>	<u>9,586,038</u>
Changes in net assets	364,472	(1,610,975)	(1,246,503)
Net assets - beginning	<u>4,023,585</u>	<u>3,273,035</u>	<u>7,296,620</u>
Net assets - ending	<u>\$ 4,388,057</u>	<u>\$ 1,662,060</u>	<u>\$ 6,050,117</u>

CITY OF GARY, INDIANA  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
December 31, 2003

	Payroll	Redevelopment District Trust	City Clerk Civil	City Clerk Criminal	County Health	Hope VI Trust	Indiana Bond Bank	Miscellaneous Refunds	Totals
<u>Assets</u>									
Cash and cash equivalents	\$ 2,959,816	\$ 103,638	\$ 50,802	\$ 1,157,276	\$ 2,400	\$ -	\$ -	\$ 4,734	\$ 4,278,666
<u>Liabilities</u>									
Accounts payable	\$ 800,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 800,000
Payroll withholdings payable	2,159,816	-	-	-	-	-	-	-	2,159,816
Trust payable	-	103,638	50,802	1,157,276	2,400	-	-	4,734	1,318,850
Total liabilities	\$ 2,959,816	\$ 103,638	\$ 50,802	\$ 1,157,276	\$ 2,400	\$ -	\$ -	\$ 4,734	\$ 4,278,666

CITY OF GARY, INDIANA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
For the Year Ended December 31, 2003

	Payroll	Redevelopment District Trust	City Clerk Civil	City Clerk Criminal	County Health	Hope VI Trust	Indiana Bond Bank	Miscellaneous Refunds	Totals
<b>Assets:</b>									
Cash and cash equivalents, January 1, 2003	\$ 1,731,685	\$ 126,820	\$ 133,006	\$ 1,415,956	\$ 2,072	\$ -	\$ -	\$ 4,198	\$ 3,413,737
Additions	28,353,853	34,079	367,240	1,188,233	6,558	1,447,544	89,316,825	536	120,714,868
Deductions	(27,125,722)	(57,261)	(449,444)	(1,446,913)	(6,230)	(1,447,544)	(89,316,825)	-	(119,849,939)
Cash and cash equivalents, December 31, 2003	<u>2,959,816</u>	<u>103,638</u>	<u>50,802</u>	<u>1,157,276</u>	<u>2,400</u>	<u>-</u>	<u>-</u>	<u>4,734</u>	<u>4,278,666</u>
Total assets, December 31, 2002	<u>\$ 2,959,816</u>	<u>\$ 103,638</u>	<u>\$ 50,802</u>	<u>\$ 1,157,276</u>	<u>\$ 2,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,734</u>	<u>\$ 4,278,666</u>
<b>Liabilities:</b>									
Accounts payable, January 1, 2003	\$ -	\$ 175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 175
Additions	800,000	-	-	-	-	-	-	-	800,000
Deductions	-	(175)	-	-	-	-	-	-	(175)
Accounts payable, December 31, 2003	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Payroll withholdings payable, January 1, 2003	1,731,685	-	-	-	-	-	-	-	1,731,685
Additions	27,553,853	-	-	-	-	-	-	-	27,553,853
Deductions	(27,125,722)	-	-	-	-	-	-	-	(27,125,722)
Payroll withholdings payable, December 31, 2003	<u>2,159,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,159,816</u>
Trust payable, January 1, 2003	-	126,645	133,006	1,415,956	2,072	-	-	4,198	1,681,877
Additions	-	34,079	367,240	1,188,233	6,558	1,447,544	89,316,825	536	92,361,015
Deductions	-	(57,086)	(449,444)	(1,446,913)	(6,230)	(1,447,544)	(89,316,825)	-	(92,724,042)
Trust payable, December 31, 2003	<u>-</u>	<u>103,638</u>	<u>50,802</u>	<u>1,157,276</u>	<u>2,400</u>	<u>-</u>	<u>-</u>	<u>4,734</u>	<u>1,318,850</u>
Total liabilities, December 31, 2003	<u>\$ 2,959,816</u>	<u>\$ 103,638</u>	<u>\$ 50,802</u>	<u>\$ 1,157,276</u>	<u>\$ 2,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,734</u>	<u>\$ 4,278,666</u>

CITY OF GARY, INDIANA  
EXIT CONFERENCE

The contents of this report were discussed on December 9, 2004, with Mr. Husain G. Mahmoud, City Controller; Mr. Hamilton L. Carmouche, Corporation Counsel; Ms. Mary Brown, Gary Common Council Member; Ms. Carolyn D. Rogers, President of the Common Council; Ms. Geraldine Tousant, President of the Board of Public Works and Safety; Mr. Nathaniel Williams, Internal Auditor; and Ms. M. Celita Greene, Deputy Controller.